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Sir Geoffrey Howe, the British foreign secretary, left, listening to Jacques Delors, president of the EC Commission, at Sunday's meeting of EC foreign ministers in Brussels.

EC Faces a North-South Split As Leaders Open Budget Talks

By Peter Maass
International Herald Tribune

BRUSSELS — Less than a mile from the site of this week's European Community summit meeting is a fair that features the best in EC food, drink and entertainment. Marking the community's 30th anniversary, the fair even uses the European currency unit as legal tender.

But the heads of government scheduled to meet here on Monday and Tuesday may be wondering whether there is good cause for a celebration. Once again, the EC leaders face a daunting agenda packed with an array of complex, nearly intractable problems that seem to worsen whenever they are discussed.

EC diplomats say the leaders are probably headed toward more political disarray over community finances, with verbal recriminations flying while solutions sink. This time, the southern, poorer nations are likely to square off against the northern, wealthier countries.

The EC leaders are to debate ways to extricate the community from its gradual slouch into multibillion-dollar debt. With agricultural spending running out of control, the community faces a spending deficit this year of about $6 billion, according to most estimates.

The deficit has exacerbated tensions in the community, diverting precious time and money away from other projects. The community's technological research program is being held up by a British veto, while progress toward a barrier-free "Common Market" tortuously inches along.

In an attempt to lay the groundwork for a successful summit meeting, the Belgians, who hold the EC's revolving presidency, called a special weekend conclave of foreign ministers. The ministers, however, have divided along north-south lines on a working paper proposed by the Belgian foreign minister to serve as a starting point for discussions.

The paper, drawing on an ambitious rescue plan proposed earlier this year by Jacques Delors, president of the EC Commission, called for reforms in farm spending coupled with modest increases in member-state contributions and development aid to the EC's poorer members.

The working paper also called

See EC, Page 5

Seoul Hints at Flexibility

Official Suggests Constitution Could Be Revised

By John Burgess
Washington Post Service

SEOUL — The ruling Democratic Justice Party hinted over the weekend at new concessions to the opposition, whose leaders met Sunday to consider the offer of talks that reportedly would include the holding of new elections and the rewriting of South Korea's constitution.

The capital and provincial cities, which were rocked by often-violent rallies Friday, generally were quiet on Saturday and Sunday.

One of the broadest suggestions of new flexibility in the government came from Lee Choon Koo, secretary-general of the ruling party.

He was quoted Saturday as saying it was "unthinkable" that the constitution would remain in force long enough for President Chun Doo Hwan to transfer power to a successor when his term ends in February.

Mr. Lee's remarks came at the same time as other press reports and statements by party officials that suggested a willingness to discuss immediate constitutional change, as well as possibly canceling the nomination of Mr. Chun's chosen successor, Roh Tae Woo.

Under another proposal, discussed at a ruling party caucus Saturday, the National Assembly would be dissolved and a general election called.

There was no commitment to do any of these things, however. It was also unclear how the opposition would react to them.

Kim Young Sam, president of the main opposition party, met with Mr. Chun on Wednesday. Mr. Kim later called the meeting a failure, saying Mr. Chun agreed only to discuss constitutional change, not to grant opposition demands about how and when the talks would take place.

At the meeting, Mr. Kim also spurned Mr. Chun's suggestion that he meet with Mr. Roh and continue negotiating a settlement to a crisis of street demonstrations that began June 10, the day Mr. Roh was nominated.

However, state-run television said that Mr. Kim had offered Saturday to meet with Mr. Roh, on condition that the two parties first issue a joint communiqué on the release of political prisoners and lifting of press controls.

[On Sunday, Kim Young Sam and Kim Dae Jung, another opposition leader, said they would confer Monday on the new government concessions, United Press International reported from Seoul.

[In Washington, Secretary of State George P. Shultz called the government's stated willingness to negotiate "a very encouraging development, something we have worked for for a long time."

[Mr. Shultz, on an NBC television interview program, said that

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Agence France-Presse

Gadhafi in Algiers, Reportedly to Discuss Unity Plan

Colonel Moammar Gadhafi, the Libyan leader, left, being greeted by Chadli Bendjedid, the Algerian president, on his arrival Sunday in Algiers. Algerian official sources said the two leaders would discuss Libya's call for a political merger between the two countries. Since 1969, Colonel Gadhafi has tried to merge Libya with Morocco, Tunisia, Niger, Chad, Egypt and Sudan.

U.S. Sets Gulf Plan For July

Shultz Defends Tanker Escorts, Opposes Delay

By Don Oberdorfer
Washington Post Service

WASHINGTON — Secretary of State George P. Shultz said Sunday that the Reagan administration was moving rapidly to begin naval protection by mid-July of Kuwaiti oil tankers under the U.S. flag despite misgivings in Congress and calls for a delay.

Mr. Shultz said that he was "absolutely" opposed to delaying the new U.S. steps in the Gulf, calling such a postponement "a very bad thing to do from the standpoint of the United States."

Calling the reflagging and protection of Kuwaiti tankers "a sensible thing to do," Mr. Shultz said on an NBC television interview program that "the worst thing that can happen to the United States is to be sort of pushed out" of the Gulf.

Iraq has received a new shipment of Chinese arms, Pentagon sources say. Page 5.

At another point he said that "the worst thing in the world that could happen" would be for the Soviet Union to dominate the oil supplies of the free world through the strategic Gulf.

The secretary of state showed little sympathy for the concerns expressed during the lengthy but so far inconclusive debate in Congress about the plan to reflag and protect the Kuwaiti vessels.

"The situation in Congress is that they are in betwixt and between," Mr. Shultz said. "They can't make up their minds." He added that President Ronald Reagan "has to decide something, and he has."

Debate in Congress has so far failed to produce a consensus on the issue, with important votes postponed last week in both Senate and House committees. Democratic leaders said late last week they did not know whether they could forge agreement on a resolution that could win widespread support.

Some of the measures introduced in Congress would stop the reflagging of the Kuwaiti ships and others call for it to be delayed or for

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Meese's Role: Protect Reagan

Attorney General May Have Obscured Iran-Contra Details

By Walter Pincus and Dan Morgan
Washington Post Service

WASHINGTON — Attorney General Edwin Meese 3d, in a televised announcement last Nov. 25, broke the news that millions of dollars from the secret sale of U.S. arms to Iran had been diverted to help the Nicaraguan rebels, whom Congress had banned from receiving U.S. aid.

At the time, the revelations by the nation's chief law enforcement official seemed to support his assertion that the administration of President Ronald Reagan was "doing everything we can to be sure that there is no hint that anything is concealed."

But documents and testimony obtained later by the presidential review board headed by former Senator John G. Tower and by investigating committees of Congress suggest that the news conference was part of a larger cover-up to protect Mr. Reagan and shift the spotlight to his White House aides, especially Lieutenant Colonel Oliver L. North of the National Security Council staff.

On the previous day, Colonel North's attorney, Thomas C. Green, had begun a discussion of the diversion with a deputy to Mr. Meese by saying, "Colonel North is, you know, your ultimate marine, and he wants to step forward and take the spears in his own chest."

At the news conference, Mr.

NEWS ANALYSIS

Meese denied that the president had knowledge of the diversion. He identified Colonel North as "the only person in the United States government that knew precisely about this." The denial is yet to be refuted.

However, information disclosed since November indicates that Mr. Meese made a number of statements that day about the president and two 1985 arms shipments to Iran that he knew, or should have known, were untrue or misleading.

The attorney general said that the president had not learned of a November 1985 arms shipment until February 1986, that no one in the U.S. government had authorized the November delivery and that both that shipment and one in September "took place between Israel and Iran, [and] did not involve at that time the United States."

It is now strongly suspected that none of those statements was true. According to recent sworn testimony before Congress, a cover-up of the 1985 deals was going on within the administration at the time of the news conference, and Mr. Meese was aware of it. The statements Mr. Meese made in that conference about the November 1985 shipment coincided with arguments that were invented by those planning the cover-up, Assistant Attorney General Charles J. Cooper has testified.

The administration was sensitive about the U.S. role in the Israeli shipments of 1985. The September and November Israeli shipments apparently violated the Arms Export Control Act, which governs the transfer of U.S. arms to third countries by U.S. allies. The November deliveries, in which the CIA was involved, also required a presidential authorization but did not have one.

Moreover, an after-the-fact au-

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Kiosk

3 U.S. Soldiers Die in Explosion

HOHENFELS, West Germany (Reuters) — Three U.S. soldiers were killed Monday and 12 were injured in an accidental demolition charge during a routine exercise at an American training ground, a U.S. army spokesman said.

The accident occurred at Hohenfels training ground, about 30 miles (50 kilometers) southeast of Nuremberg. West German police said up to 30 soldiers were injured in the blast, at least 15 seriously.

Angolans Release An American Pilot

LUANDA, Angola (AFP) — The Angolan government on Sunday released Joseph Longo, an American pilot who had been detained since April 24, when his plane was shot down in southern Angola for violating the country's airspace. He was turned over to a delegation of U.S. congressmen.

An Angolan official said the release was a "gesture of good will."

Mark McGwire, a rookie with the Oakland Athletics, hit five home runs in weekend baseball games. Page 13.

GENERAL NEWS

■ President Reagan's friends and foes say he is at the weakest point in his presidency. Page 3.

BUSINESS/FINANCE

■ A novel approach to loan restructuring, using U.S. Treasury bonds, could help resolve the world debt crisis. Page 7.

OPEC Revises Output, But Iraq Rejects Quota

Compiled by Our Staff From Dispatches

VIENNA — The Organization of Petroleum Exporting Countries announced Saturday that it would increase its oil production for the second half of this year, but by less than it had originally planned, in order to protect its $18 a barrel benchmark price. But on Sunday, Iraq vowed to ignore the accord.

Oil prices, which were already climbing in anticipation of such an agreement, could rise slightly despite Iraq's pledge, analysts said.

In a move that raised questions on how long the cartel's apparent unity would last, Iraq followed its second successive refusal to sign an OPEC accord with a pledge to pump oil to its full capacity. Iraq declined to sign the agreement because it was again denied its demand for production equality with its war rival, Iran.

Within OPEC, the agreement was actually a victory for Iran, which wants to raise oil prices sharply, over OPEC moderates such as Saudi Arabia, who favor lower oil prices but higher production, oil analysts said.

OPEC's benchmark price is $3 more than it was last December when the organization decided to cut production in order to push up prices. But it is far below the $27 level that existed before oil prices collapsed two years ago.

Ministers from the 13-nation cartel approved a plan that would raise production for the third and fourth quarters to 16.6 million barrels a day — an amount represent-

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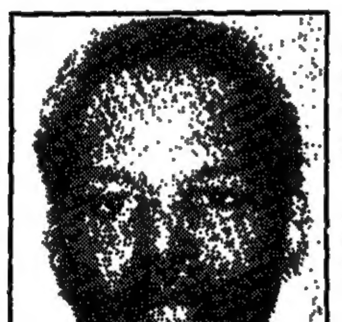

Rilwanu Lukman, president, explains OPEC's agreement.

High Tech Actually Cuts Productivity in U.S. Service Industry

By Keith Schneider
New York Times Service

WASHINGTON — Nearly a generation after U.S. technology companies unleashed a new wave of computers, telecommunications gear and electronic equipment, executives and employees are discovering that the sophisticated machines in many cases have hampered their work.

Although companies in every part of the economy have been experiencing difficulties with the equipment, no sector appears to be having more trouble than businesses that sell services.

During the 1980s, the average yearly rate of growth in the productivity of businesses that do not produce goods — ranging from transportation and banking to retail sales and business services — is far below what it was before the advent of the computer and electronic technology in the early 1970s, according to the Labor Department.

While manufacturers and farmers struggle to raise the quality and lower the price of their products to become competitive again in global markets, service businesses are being counted on to generate a majority of the jobs and wealth in the United States.

How long can the nation thrive, experts are asking, if service industries that now account for 68 percent of the gross national product, which is the total of goods and services produced, and for 71 percent of all jobs are no longer able to compete?

"It's been an extraordinarily long time between the introduction of the new technology and its impact on the service industries," said Jerome A. Mark, associate commissioner for productivity and technology at the Labor Department. "It's troublesome."

The reasons for the stagnation are complex and not yet completely understood, but the reports from economists and executives identify three principal causes:

● Many managers and employees still do not know how to use computers effectively.

● Supervisors have not developed techniques to take advantage of the new technology.

● Equipment still suffers from reliability problems.

One major New York bank spent most of this decade and tens of millions of dollars working the bugs out of a complex computer and communications system to provide stock transfer services to major corporations.

Airline companies report improvement in handling reservations, but workers at the counter and customers still complain of

See TECHNOLOGY, Page 9

Drug Abuse Soars in Asia, Study Finds

By Michael Richardson
International Herald Tribune

SINGAPORE — Fueled by the ready supply of opiates, heroin addiction and other forms of drug abuse are growing rapidly in six Asian countries traditionally involved in large-scale narcotics trafficking to the West, a U.S. government study has found.

In Pakistan, Thailand, Burma, Nepal, Indonesia and Sri Lanka, more than two million people were reported to be using opium, heroin, hashish, marijuana and other drugs, according to the study sponsored by the U.S. Agency for International Development.

The study covered the countries that produce the bulk of the world's opium and a significant proportion of the hashish and marijuana smuggled internationally.

Pakistan, the study said, had found itself since 1980 "in the midst of a heroin epidemic," with the number of addicts having grown from an estimated 5,000 to 450,000 in 1986.

It said that Thai authorities had put the number of heroin addicts in that country at as many as 500,000, while in Burma there were 48,000 registered addicts, "suggesting that the actual number of abusers is greater." In both countries, the study said, heroin addiction first became significant in the 1970s and appeared to be leveling off.

The survey warned that heroin addiction in Nepal, Sri Lanka and Bangladesh, although relatively new, was increasing, while the ability to marshal resources to combat the problem was limited.

It said that the governments of the six countries were concerned about preventing drug abuse, but that, with limited resources, they gave priority to economic development, public health and education.

Malaysia was not included in the survey. But at a United Nations conference on drug abuse and trafficking, which ended Friday in Vienna, Prime Minister Mahathir bin Mohamad of Malaysia estimated that 400,000 of his country's population of 15 million were heroin addicts.

As a measure of the seriousness of the problem, he noted that the Netherlands, with a similar population, had about 20,000 addicts.

The study warned that drug

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U.S. MBA Programs in Europe: Meeting a Need, but How Well?

By Nina Martin
International Herald Tribune

PARIS — As campuses go, the Hartford Business School's here is rather compressed: some classrooms, a couple of offices, a magazine reading room and a bank of computers that glow greenly morning and night.

Even so, it is a risky, expensive investment for the University of Hartford, its parent institution. But it is an investment that officials believe could prove vital to the university's financial health.

"You have got to be aggressive," explained James B. Kurish, executive director of the Paris MBA program, using language that resembled a marketing lecture he might deliver to his students.

"The days of the '60s when schools could just take it easy are over for the schools that are not *the* schools," he said. "What you have to do is create market niche, and what the University of Hartford is going after is international programs."

Hartford, whose home campus is in suburban West Hartford, Connecticut, is one of the most prominent elements in a trend that promises to change the face of management education in Europe: the American MBA.

European students have discovered the profit potential of a master's degree in business administration, and American colleges, most of them lesser-known schools such as Hartford, have discovered the potential benefits, educational and otherwise, of European students.

U.S. schools are staking out MBA programs in Europe in a fashion that is almost a textbook example of the entrepreneurial and marketing methods they are teaching, and the influx has intensified an already-hot debate about the quality and goals of American management education.

The newcomers say their objective is primarily educational: to export the U.S. style of doing business, which they paint as more aggressive, more efficient and often more profitable than its European equivalent.

Their mission, by implication, is also democratic: to serve students who cannot afford or cannot get into the top European programs. And the programs have an important side effect for U.S.-based students: to internationalize a management approach that is often stiflingly "American-tric."

But to many business educators in Europe, who are used to state-supported schooling and graduate education for a tiny elite, the U.S. programs seem crassly commercial and mediocre. These critics point out that none of the American entrants is nationally accredited by the body

The Americans 'seem to be going after the lower portion of students.'

— Sybren Tinjstra, European Foundation for Management Development.

that sets curriculum standards for MBA programs in the United States.

"It is not a question of their bringing over top-level American management methods to Europe, but of taking advantage of a demand that exists," said Sybren Tijmstra, director-general of the European Foundation for Management Development in Brussels.

"They seem to be going after the lower portion of students, rather than aiming at the top," he said.

Even Mr. Kurish, referring to Harvard, Stanford and other top U.S. programs, conceded, "If they did come to Europe and they did it right, they could blow us out of the water. No doubt about it."

MBAs have never had the allure in Europe that they have had in the United States, where more than 60,000 of the degrees were awarded in 1985 compared with barely 2,000 across Britain and the Continent. Undergraduate programs are reasonably plentiful in Europe, while the apprenticeship tradition still dominates much of its management thinking.

Demand is swelling, however, in many countries, where the trend is toward "privatization of education" and where students, facing higher unemployment rates and lower starting salaries than their American counterparts, see investing in the MBA "as one of the ways to get a well-paying job," Mr. Tinjstra said.

The 280-student Institut Européen d'Administration des Affaires, or Insead, in Fontainebleau, France, turns away five or six applicants for every student it accepts, as do the International Management Institute in Geneva and the International Management Development Institute in Lausanne. Milan's Bocconi University gets nearly 1,000 applications a year for 120 spots.

These are Europe's elite schools, with rigid entrance requirements and tuitions that top the equivalent of $15,000 a year. For less privileged or talented students, the possibilities have been limited and the pressure for alternatives is growing.

"The more traditional programs have not changed to meet the needs," said Henry Hays, a dean at the college of business at North Texas State University in Denton.

The problems that have sent American business schools to Europe reflect larger trends plaguing the U.S. higher education system. Enrollments among traditional college-age people have been declining, studies show, while students have become more practical-minded about preparing for careers.

Business education has been more insulated from this trend than traditional liberal arts programs; the number of MBA programs in the United States has nearly

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In Economic Plan, Gorbachev Seeks to Ease Rigid Price System

By Felicity Barringer
New York Times Service

MOSCOW — At the Central Market, a vendor sat behind an assortment of choice strawberries, telling the few inquiring shoppers that the berries cost the equivalent of $5.50 a pound. There were few buyers, and no line.

At the same time on a street nearby, a government truck delivered 30 small crates of strawberries — some ripe, some overripe, some moldy — selling at $2.40 a pound (about 450 grams). A scolding saleswoman shoveled them into the bags of customers who had waited 15 minutes in line.

The strawberry scene spoke eloquently of the bizarre anomalies of the Soviet pricing system and its byproducts: unreasonably high or low prices and long lines for products whose quality is uneven at best.

The rigid pricing system is a complex fabric of government controls and subsidies with isolated patches of quasi-free market economies, including farm markets that sell produce from private plots.

It is this system that Mikhail S. Gorbachev is proposing to alter with his program, for which guidelines were approved Friday by the Communist Party's Central Committee, to gradually introduce price flexibility in the Soviet economy.

Inherent in the issue of prices, according to Western and Soviet analysts, are the main difficulties that face most of the Soviet leader's initiatives in his broad drive to remake Soviet society:

- Reining in a powerful bureaucracy, in this case the State Committee for Prices, known by the acronym Goskomtsen. It sets more than 200,000 wholesale and retail prices annually, on everything from raw materials like ore and grain to bread, shoes, chinaware and cars.
- Potentially tampering with a basic tenet of Communist ideology and the Soviet social contract, in this case overall price stability and dramatically low prices on basic foods, housing, education and mass transit.
- Taking a cumbersome, inefficient but predictable system and introducing an element of the unknown, in this case, a limited role for competitive forces and the possibility of politically explosive inflation. Food price increases in Eastern Europe sometimes have caused protest and political instability.

A Western diplomat predicted last week that conservatives would call the pricing innovations a threat to the basic order of Communism. The present system, he said, is a known quantity, but Mr. Gorbachev's proposals are "jumping out into the unknown."

How fast and how far Mr. Gorbachev will jump on the price issue is still under discussion, according to Abel G. Aganbegyan, the economist who explained the economic proposals at a news conference.

Mr. Aganbegyan explained that the alternatives under discussion were either a stage-by-stage shift in the present pricing mechanisms, with the first stage affecting only wholesale prices, or an overall reexamination of wholesale, retail and agricultural prices, with no changes before 1990.

The guidelines for Mr. Gorbachev's economic changes said prices should be made "an effective instrument for raising the efficiency of social production, for developing economic management methods and for deepening cost-accounting and self-financing."

The role of the price-fixing committee would be reduced in part by increased freedom of factories and large enterprises to contract directly with each other for industrial goods.

The Central Committee program said that wholesale prices should be amended to reflect production costs more accurately and that raw materials and fuel, such as heating oil, should be priced to reflect production cost and to discourage waste.

Until now, U.S. specialists say, wholesale prices were supposed to be roughly equivalent to production cost. But there was little incentive to keep costs down because of widely available subsidies.

In contrast, retail prices were supposed to be set at a level that would guarantee a balance between supply and demand. This was a goal that largely was not met, judging by the periodic shortages of everything from fruit to furniture.

Prices also were used to insure that some products were accessible to low-paid workers. Meat in state stores in Moscow and other cities sells at less than half the cost of production. Like other foods, particularly bread, it is heavily subsidized.

According to Mr. Gorbachev's speech to the Central Committee on Thursday, the Soviet economy spends 72 billion rubles a year (about $120 billion) in subsidies. More than 50 billion rubles of this goes to agriculture.

The farm subsidy has increased 150 percent in the last 10 years, and is now more than 12 times the 1966 level of four billion rubles, according to articles in the Soviet press.

"What is happening?" asked a professor of economics, R. Khasbulatov, writing in Komsomolskaya Pravda. "Agricultural productivity is virtually at a standstill" and the inefficiency is forcing up subsidies.

The average Soviet wage is slightly under 200 rubles a month. Even with subsidies, about 30 percent of the total is spent on food, according to a 1985 Soviet survey, compared with 19 percent by American families, Soviet economists said.

To increase the prices of bread and meat, for example, which have changed little in decades, without increasing salaries is to ask for social unrest.

But to increase the salaries inevitably means an increased price for the goods that the worker produces, and the essential elements for inflation are then present.

In his remarks, Mr. Aganbegyan stressed that whatever price changes were made would come only after "wide discussion with the population."

The rise in food costs, he said, would "result in raises for the lower-paid population, for those who have large families, and so on."

And what about inflation? The word did not appear in the discussion of prices in the Central Committee blueprint. The most it would caution was that it was necessary "to overcome the tendency toward the growth of prices on the basis of the development of the competitive power of enterprises."

This was a prescription for letting competition achieve the desired price-cutting effect.

Dissidents Want Approval for Journal

New York Times Service

MOSCOW — A group of dissidents and freed political prisoners has written the first issue of an unofficial journal of news and opinion and has asked the Soviet government for permission to publish it in the Soviet Union and abroad.

The magazine, called Glasnost, after the policy of freer expression proclaimed by the Soviet leader, Mikhail S. Gorbachev, would apparently be the first privately controlled periodical to be published openly in the Soviet Union. Unlike *samizdat*, or self-published, newsletters, which have long been part of the dissident underground, the new journal sets out to do everything in the open.

The 56-page inaugural issue is being withheld from distribution until early July to give Soviet officials a chance to react; they were given copies on June 19. The editor, Sergei Grigoryants, a literary critic released from prison in February after serving four years for his work on a clandestine human-rights journal, said that 50 to 100 copies of the first issue would be distributed next month, whether or not permission is given.

Confucius Says: Stop Squabbling

Amid Tumult, Many East Asians Look to Ancient Sage

By Barbara Crossette
New York Times Service

SINGAPORE — As students take to the streets of South Korea, social campaigners go to jail in Singapore and politicians in China wrestle over a path to development, many East Asians are reexamining in an age of turbulence the clear-headed teachings of an ancient sage: Confucius.

Wu Teh Yao, director of the Institute of East Asian Philosophies here and head of a national Committee on Confucian Ethics, says he does not find this surprising.

Mr. Wu, a Chinese-born scholar in his 70s, tasted the learning of West and East before focusing on the study of a political system close to his roots.

"Confucianism is neither a philosophy nor a religion — though it has the elements of both," he said. "It is a way of life."

As such, he said, a study of Confucianism can serve Asians struggling to weigh Western values against their own beliefs and Westerners trying to understand the philosophical underpinnings of East Asia.

Though Confucius was born in the sixth century B.C., his thoughts, collected by disciples, have refreshing relevance, Mr. Wu said.

Confucianism is a humanistic system, devoted to man's relationship to man, not to God. It emphasizes harmony with nature, respects intellect and education, and cautions against greed and corruption, although not frowning on the accumulation of wealth.

"If you were to piece it all together, you would find it is an all-pervading unity," he said. "There is no supernatural, no required ritual, no credo to embrace.

"I am a Christian and a Presbyterian elder," Mr. Wu said, "but I am also a Confucian disciple."

"Take a man like Zhou Enlai," he added. "He was a Communist; there is no doubt. But inside — in his behavior — he was very Confucian."

Mr. Wu says he believes the purest forms of Confucianism are found in South Korea, Japan, and Taiwan. Interest is also picking up in China, he said.

On Aug. 31, Mr. Wu and more than a hundred experts from around the world are to meet at the birthplace of Confucius, in Qufu, China, for a conference on the development of Confucian learning and its influence on society.

"The study of Confucius has never stopped in China," said Mr. Wu, a graduate of Nanjing University who also has a master's degree from the Fletcher School of Law and Diplomacy and a doctorate from Harvard.

"During the Cultural Revolution, scholars may have been put on ice," he said, "but they were often allowed free time to do their research. They put it in writing afterwards. We have an academic gold mine there now."

Apart from its relevance to Asian tradition, Confucianism is also being studied, Mr. Wu said, "to counterbalance the impact of values from the West, particularly those of rights and individualism."

"The Confucian system stresses obligations, not rights, and group spirit, not individualism," Mr. Wu said. But that does not mean it condones authoritarianism or militarism, he added. If a leader loses the people's trust, the right to rule is forfeited, he said.

India Hopes Festival Will Dazzle Soviet

By Sanjoy Hazarika
New York Times Service

NEW DELHI — With Mikhail S. Gorbachev and Prime Minister Rajiv Gandhi in attendance, a gentle Hindu invocation by an Indian singer at Cathedral Square at the Kremlin on Friday will start a huge celebration in the Soviet Union of India's art, culture, history and economic and scientific progress.

Officials say the yearlong Festival of India will strengthen the friendship between the two countries and cement their already strong political and economic ties.

The Soviet Union is a major trading partner of India and has given extensive help to its industrialization program. It is also a major weapons supplier to New Delhi and has consistently supported its domestic and foreign policies.

"Our message to the Russians is very simple," said Daljitt Aurora, the chief organizer of the festival. "We are saying: 'You have known us politically. Now know us as we are.'"

Thus mutton kebabs, chicken curry and Indian dances will be on the menu for Muscovites and residents of 44 other Soviet cities through next summer.

So will fashion shows, and exhibits of textiles, classical Indian jewelry, paintings and sculptures, including a bronze statue dating to 2,500 B.C. There will also be six Indian film festivals and an exhibition on the status of women.

The Indian festival will go beyond the scope of such cultural events that have been held in the United States, Britain and France.

It not only will be bigger than the other festivals but also will emphasize India's growing industrial and economic power, and its progress.

"In America, the biggest splash was created by the exotica of India — exhibitions of village India and royal costumes," Mr. Aurora said. He was referring to the Festival of India held in 1985 and 1986 in the United States.

"But that is exotica and a bygone era, not modern India," he said. "We want to show contemporary India to the Russians."

The Gandhi government is organizing India's largest cultural extravaganza overseas, involving an investment of about $14 million — nearly three times the amount spent on the Festival of India in the United States.

There will be 1,800 performing artists, 720 sports and student delegates, 20 exhibitions and 15 seminars.

Work on the project began two years ago, when Mr. Gandhi visited the Soviet Union and agreed with Mr. Gorbachev to organize the Indian festival and a reciprocal Soviet festival in this country.

The Soviet festival is to begin in November.

Trevor Samson/Agence France-Presse

Willem Lubbe and his dissident followers have broken from South Africa's Dutch Reformed Church. His group has voted to form an all-white Afrikaner Reformed Church.

Renegade Afrikaners Vote to Form Church

By John D. Battersby
New York Times Service

JOHANNESBURG — About 2,500 rightist dissidents walked out of a discussion on the liberalization of the Dutch Reformed Church, the main Afrikaner church whose teachings include a justification of apartheid.

At the meeting Saturday in Pretoria, which was attended by more than 3,000 from the right wing of the church, the dissidents voted by a margin of 4 to 1 to form a new all-white church.

They accused the Dutch Reformed leadership of embarking on a "new course of liberalism" in criticizing apartheid policies and in seeking to open the church to all races.

But 500 to 800 of the dissidents voted not to quit the church, choosing to work from within to oppose the "liberal moves."

Johan Heyns, head of the Dutch Reformed Church, said the effect of the walkout would be determined by the number of people who followed the dissidents out of the church.

"It is a sad event and both an act of disunity regarding the church and an act of disobedience regarding Scripture," said Mr. Heyns, who has led efforts to desegregate the church.

Emphasizing that he regarded the action as a walkout, Mr. Heyns said the move illustrated the close link between religion and Afrikaner nationalism. "But this is not a basis for a church," he said.

Both President Pieter W. Botha, who is an active member of the church, and Dr. Andries P. Treurnicht, the leader of the Conservative Party and a former Dutch Reformed minister, were reported to be deeply concerned about the break.

In a statement issued last week, Mr. Treurnicht had indicated sympathy with the dissidents but appealed to them not to break with the church before exhausting other options.

The dissidents, organized as the Continuation Committee of Dissatisfied Members and led by Willem Lubbe, a professor, have rejected recent moves by the Dutch Reformed Church to unite with its black, Indian and mixed-race "daughter churches" and to distance itself from apartheid.

Mr. Lubbe said the new church would be called the Afrikaner Reformed Church. He predicted that it would win wide support nationwide.

The breakaway from the church, whose 1.7 million members include most members of the National Party government, came after weeks of negotiations between Dutch Reformed leaders and the dissidents over a policy document that criticized apartheid and which was adopted at a synod last year.

The document, which some saw as a turnabout in church policy, for the first time described apartheid as scripturally unjustifiable and racial discrimination as a sin.

But the document stopped short of declaring apartheid a heresy, as its "daughter churches" and the World Alliance of Reformed Churches have done.

Although the synod accepted the principle of an open church, it stopped short of voting to merge the white church with its three black offshoots.

But Mr. Heyns said it was accepted that the Dutch Reformed Church was "one church" and that the structures simply had to be arranged to bring about that unity.

Belgrade Rebuffs Serbs, Stops Short Of Action Against Ethnic Albanians

Reuters

BELGRADE — The Yugoslav Communist Party has called for vigorous opposition to nationalism and separatism by ethnic Albanians in the southern province of Kosovo.

But diplomats said the special session of the party's Central Committee on tension in Kosovo failed to take the strong measures that the minority Serbs and Montenegrins in the province had sought.

The party reaffirmed that ethnic tension in Kosovo, which borders Albania and is the country's poorest province, was Yugoslavia's gravest problem. The border is sealed, with Yugoslav-Albanian relations strained.

Analysts said the Central Committee repeated promises of action without offering immediate solutions.

The meeting ended abruptly early Saturday with party leaders fearing violence if hundreds of Serb protesters from Kosovo were joined by local sympathizers outside the building where the session took place.

The protesters taunted police and chanted threats to take up arms against Albanians in the province. Police forced the Serb demonstrators onto buses to be returned to Kosovo.

Serbs and Montenegrins in Kosovo, who number 200,000, charge that the province's 1.7 million ethnic Albanians have tried to intimidate them to leave to further a goal of secessionism.

The Serbs and Montenegrins want the Kosovo leadership purged and direct rule imposed from Belgrade on the province.

Diplomats and local political observers said that a summation by Milanko Renovica, the Central Committee president, fell far short of expectations.

"It's hard to see even one inch of progress," a Western diplomat said. "In fact, the party seems to have backtracked."

Kosovo is part of Serbia, the most populous of Yugoslavia's six republics, but the province holds constitutional autonomy within Serbia.

More than 22,000 Serbs have left Kosovo since Albanian nationalist riots there in 1981. Some observers fear that if Kosovo becomes an ethnically pure Albanian region it may demand to merge with neighboring Albania.

Analysts say there is marked opposition from non-Serbian areas to Serbian demands for increased central control over Kosovo. Non-Serbian delegates represent more than half of Yugoslavia's 23 million people and contributed little to the Central Committee debate.

The Central Committee meeting reiterated Yugoslav attacks against Albania's leadership, which Belgrade accuses of fomenting separatism in Kosovo. Albania has denied the charges.

Der Spiegel Says TWA Hijack Suspect To Be Pardoned in Swap for Hostages

The Associated Press

HAMBURG — Mohammed Ali Hamadeh, the Lebanese suspected in the 1985 hijacking of a TWA airliner to Beirut, will be pardoned quickly after his trial in West Germany, a Hamburg news magazine reported.

The weekly Der Spiegel reported Saturday that Mr. Hamadeh, 23, will be pardoned and freed in exchange for two West Germans held hostage in Lebanon.

Quoting unidentified sources, Der Spiegel said: "In Bonn, it is agreed that if Hamadeh is sentenced to life imprisonment, he will be pardoned by Hesse State Governor Walter Wallmann."

"He could then be exchanged for the two West Germans held in Lebanon," the magazine said.

The United States had sought Mr. Hamadeh's extradition in an effort to try him for the murder of a passenger on the TWA flight, Robert D. Stethem, a U.S. Navy diver.

In announcing its decision to put Mr. Hamadeh on trial in West Germany, Bonn officials promised that he would be prosecuted vigorously and that the "full force of West German law will be applied."

WORLD BRIEFS

Socialist Unit Asks Waldheim to Quit

VIENNA (Reuters) — The Vienna section of Austria's Socialist Party, a partner in the governing coalition, has called on President Kurt Waldheim to resign. Mr. Waldheim is backed by the other coalition partner, the Austrian People's Party.

The call for him to step down was approved Saturday, 268 to 217, at a regional party congress against the wishes of some party leaders, including Chancellor Franz Vranitzky and the national party chairman, Fred Sinowatz. Mr. Waldheim has been accused of covering up his role with the German Army in World War II.

Josef Hindels, president of the Federation of Socialist Freedom Fighters, which sponsored the resolution, said there was no evidence that Mr. Waldheim had been involved in war crimes, as some Jewish groups have alleged. But he accused Mr. Waldheim, a former UN secretary-general, of concealing his war record.

Sri Lanka Says Rebel Base Captured

COLOMBO, Sri Lanka (Combined Dispatches) — Government troops overran the main base of the leading Tamil guerrilla force Sunday, killing seven rebels, including the base commander, and capturing a large amount of arms, the government said.

The base at Mutur in eastern Sri Lanka belonged to the Liberation Tigers of Tamil Eelam, the biggest rebel group fighting for a separate Tamil state. The slain base commander was identified as Gajendran. There was no independent confirmation of the raid. *(Reuters, AP)*

Aquino Retires Long-Serving Generals

MANILA (Reuters) — In a move to bolster army morale, President Corazon C. Aquino has retired two senior generals, both of whom were in line to succeed her chief of staff, General Fidel V. Ramos.

In keeping with a promise not to extend the services of aged generals, Mrs. Aquino on Saturday announced the retirement of Lieutenant General Salvador Mison, the deputy armed forces commander, and Major General Rodolfo Canieso, the army chief. Both had reached the limit of 30 years service.

Mrs. Aquino appointed Major General Renato de Villa, commander of the paramilitary constabulary, as General Ramos' deputy, and Brigadier General Restituto Padilla as army chief.

UN Groups Find World Hunger Rising

PARIS (NYT) — Despite repeated international pledges to eliminate hunger in the world, the number of hungry, undernourished people now appears to be increasing at a quickening pace, according to new findings by a United Nations agency, even at a time when the world is awash with cheap, surplus food.

According to calculations made by the United Nations World Food Council and its parent body, the United Nations Food and Agriculture Organization, based in Rome, the number of hungry people in the world grew by 15 million from 1970 to 1980, to 475 million, a rate of increase of about 1.5 million a year. The world's population is about five billion.

In the early 1980s, however, as economic growth slowed in the industrial nations, increasing the poverty of the developing nations, the number of hungry people grew at a rate of nearly 8 million a year, reaching 512 million in 1985, according to the World Food Council. It estimates that 40,000 children die of hunger-related causes every day.

Deng Blames Japan for Chill in Ties

BEIJING (UPI) — China's leader, Deng Xiaoping, told visiting Japanese officials Sunday that Japan was to blame for the chill in Chinese-Japanese relations and that Tokyo must solve the disputes "without delay."

Mr. Deng addressed his remarks to the visiting foreign minister, Tadashi Kuranari, as they met in the Great Hall of the People for talks that were to focus on increased tensions.

Mr. Deng said the biggest problem was a decision by a Japanese court in February that favored Taiwan in a dispute between Beijing and Taipei over the ownership of a student dormitory in Kyoto. Japan has said it is powerless to intervene because the case is being handled by the judiciary.

Israel Sets Standard Tuition Fees

JERUSALEM (Reuters) — The Israeli cabinet on Sunday set a standard tuition fee for university students, reversing an earlier decision that had been denounced as discrimination against Israeli Arabs.

An Education Ministry official, [illegible] Naaman, said the fee would be set at the equivalent of $1,350. Under the proposal accepted last month, former members of the army would have paid the equivalent of $1,050 and other students $1,550.

Before going to university, most male Jews begin three years of army service at the age of 18. Girls serve two years, while Arabs, except for the Druze and Bedouin minorities, do not serve.

For the Record

About 5,000 Israeli aircraft workers demonstrated Sunday at the office of Prime Minister Yitzhak Shamir in Jerusalem, calling for the cabinet to vote to continue a project to build an Israeli jet fighter, the Lavi. *(AP)*

A woman was badly injured when a bomb planted in the sand at a crowded public beach in Haifa, Israel, exploded Saturday, police and hospital spokesmen said. *(AP)*

TRAVEL UPDATE

Strikes to Disrupt French Air Travel

PARIS (AFP) — Air travel was expected to be seriously disrupted Monday and Tuesday by the French air traffic controllers' strike and similar action by staff of France's domestic national carrier, Air Inter.

Air Inter pilots and flight engineers have called a strike for Monday and Tuesday in support of demands for three, rather than two, crew members in the new Airbus A-320 airliners. Air traffic controllers said they would stage one-hour morning work stoppages Monday to Friday, in a continuing action in their dispute over pensions.

Venice tourism officials have raised the fine for camping out in the train station or streets to 50,000 lire ($37) from 20,000 lire and imposed fines of 20,000 lires for picnicking in St. Mark's Square, wearing shorts or going shirtless in museums and other tourist sites, bathing in canals and playing radios too loudly. *(AP)*

The ruins of Pompeii, closed last week to visitors, are to be open afternoons only during a labor dispute involving custodians. The ancient town is usually open 9 A.M. to sunset. *(AP)*

The civilian air service in the Falkland Islands has been suspended for three weeks, effectively cutting off air transport to the East Island and the colony's capital, Stanley, from the West Island and the smaller islands of the South Atlantic archipelago. Service is suspended during an investigation of the crash on Wednesday of a twin-engine plane carrying six persons, in which no injuries were reported. *(AP)*

Both flight recorders on a Philippines Airlines plane that crashed Friday, killing all 50 persons on board, are damaged beyond use, investigators said Sunday in Manila. *(AP)*

This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries this week because of national and religious holidays:

MONDAY: Chile, Colombia, Costa Rica, El Salvador, Peru, San Marino, Malta, Vatican City, Venezuela.

TUESDAY: Ecuador, El Salvador, Guatemala, India, Peru, Sri Lanka, Zaire.

WEDNESDAY: Bangladesh, British Virgin Islands, Canada, Egypt, Ghana, Guatemala, Pakistan, Rwanda, Somalia, Suriname, Taiwan, Thailand.

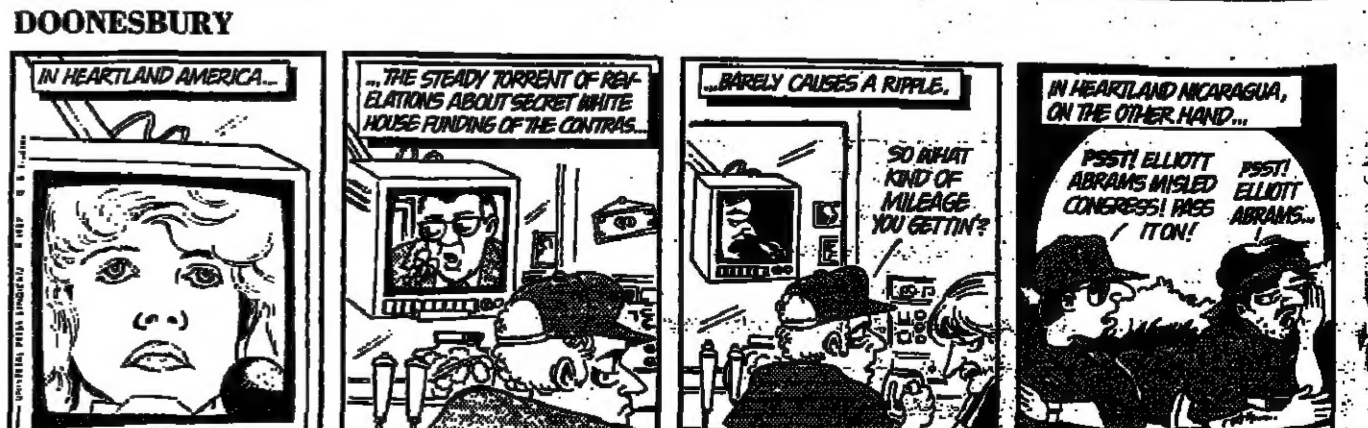
FRIDAY: Guam, United States, U.S. Virgin Islands.

SATURDAY: Guam, Philippines, Puerto Rico, Tonga, United States, U.S. Virgin Islands, Yugoslavia.

SUNDAY: Algeria.

Source: Morgan Guaranty Trust Co, Reuters.

DOONESBURY



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Friend and Foe Say Reagan Is Now at His Weakest, Hobbled by Scandal and Inertia

By Bernard Weinraub and Gerald M. Boyd
New York Times Service

WASHINGTON — As Ronald Reagan nears his final year in office, his ability to lead the nation has declined to the lowest point of his presidency, according to Republican and Democratic legislators, administration aides and friends of the president.

The growing consensus from a wide cross section of officials is that the prospects are dim for a resurgence of his presidency without an arms control agreement with the Soviet Union or some other major achievement.

Their assessment is that Mr. Reagan is unable to cope, both personally and politically, with a Congress controlled by Democrats and with the impact of the Iran-contra affair.

"Something's gone wrong in the last six months or so," said a recent visitor to the Oval Office, who sees Mr. Reagan frequently. The comment reflected what some others, from legislators to confidants of Mr. Reagan and from White House officials to foreign diplomats, are also saying about him.

Although White House spokesmen and some Republican congressional leaders sharply disagree, the mood of pessimism, most evident in recent months, goes beyond that which has traditionally encumbered a president nearing the end of his final term.

It is a combination of changes both in the man himself and in the way he is being perceived, and it is attributed to several factors.

The Iran-contra affair, looming largest among these, is said to have seriously depressed Mr. Reagan in a deeply personal sense. The president's slip in popularity, as reflected in public opinion polls, since the sale of arms to Iran and the diversion of profits to the Nicaraguan rebels were disclosed in November has been troubling to Mr. Reagan. His favorable image among the American public had been something that energized him throughout his political life and provided a source of inner strength. Particularly troublesome is that polls show that more than half the public believes he is lying, aides said.

Another factor in the bleak prospects seen for the Reagan presidency is the changing nature of his relationship with aides. For one thing, some associates say that the president, having been surprised by the actions of some aides in the Iran-contra affair, is less trusting of them.

The consensus from a wide cross section of officials is that the prospects are dim for a resurgence of his presidency without an arms control accord or similar achievement.

In addition, the deaths of some longtime associates, including William J. Casey, the former CIA director, have left the president with fewer confidants in Washington. Further, he has not yet established the personal rapport with Howard H. Baker Jr., the new White House chief of staff, that he shared with Donald T. Regan, Mr. Baker's predecessor.

The new White House staff, under Mr. Baker and Frank C. Carlucci, the national security adviser, has been unable to operate effectively in Congress despite its solid legislative background. Aides, who acknowledge the failure, attribute it to the Democrats' control of both houses of Congress. But lawmakers cite other factors, including a new aggressiveness by both Republicans and Democrats in opposing the president and their perception of a leadership void.

Mr. Reagan's medical problems, which have included major surgery twice in the last two years, have taken a toll.

Aides said that the president did not bounce back from prostate surgery last January. More than ever, he is showing signs of his 76 years. His memory lapses and rambling discourses are no longer a source of friendly jokes but of concern, friends say.

The two small polyps found Friday in Mr. Reagan's colon were found to be noncancerous.

Asked about the growing negative consensus about the president, Marlin Fitzwater, the White House spokesman, said, "This sounds like political piling on."

"The president is vigorous, actively persuading our budget reform measures domestically, historic trade legislation, and the first real nuclear arms reduction opportunity ever," Mr. Fitzwater said. "This is an active president, who has overcome some difficulties in recent months and who is determined to make the last 18 months productive and meaningful."

Senator Alan K. Simpson of Wyoming, the Republican whip in the Senate, said: "The only change I've noted is that his hair is actually getting grayer. I know people say, 'I wonder if he's losing it.' But that's not the case. He's better now than he's ever been."

But other legislators and some Reagan aides say it is clear that the president is functioning with far less leverage. Even so, instead of seeking accommodation with Congress, Mr. Reagan is using the same confrontational approach he has used in the past. That approach is angering Democrats and privately dismaying some Republicans.

"Instead of signaling to Congress that he's interested in working constructively to produce some real achievements in the last 18 months of his administration, the president sends a signal of confrontation and combat," said Representative Thomas S. Foley of Washington, the Democratic majority leader.

"There's an unfortunate signal here of a president who has accepted his own growing irrelevance and has abdicated the field of working with Congress," he said.

One ranking Western diplomat who conferred with Mr. Reagan at the economic summit meeting in Venice earlier this month told colleagues that the president had seemed "distracted," as if he "had his mind on something else." He "couldn't focus on the issues at hand," said the diplomat, who is a top official in a foreign government.

Papandreou Threatens U.S. on Bases

The Associated Press

ATHENS — Prime Minister Andreas Papandreou threatened Sunday to cancel upcoming talks about a new agreement on U.S. military bases if the United States does not withdraw a reported charge that his government negotiated with terrorist organizations.

Mr. Papandreou said during a flight to Brussels that he would shut the four U.S. bases in Greece next year if no retraction was made.

"There will be no bases talks and the bases will close in 1988 if the United States doesn't withdraw fully, officially and publicly these false and groundless accusations against our country," he said.

Mr. Papandreou was flying to Brussels for a European Community summit meeting starting Monday.

The reported U.S. allegation that Greece held talks with terrorist organizations with a view to averting possible terrorist attacks here was disclosed Saturday by Greek officials.

A government spokesman said the U.S. allegation, made in a meeting here Thursday between the U.S. ambassador, Robert V. Keeley, and Foreign Minister Karolos Papoulias, was "ridiculous and unfounded".

U.S. Embassy officials were not available to comment.

The negotiations were reported to have been held with Abu Nidal, who heads a Palestinian group that has claimed to have carried out more than 100 terrorist attacks, including those on airports in Rome and Vienna in December 1985 in which 19 persons died.

Mr. Papandreou described the reported charge as "a hostile act against Greece" and accused the United States of trying to blackmail Greece into signing a new agreement on bases.

"If they think that such pressures will lead to the signature of a bases agreement, they're kidding themselves," he said. "If this is the action of friends, then who needs enemies?"

Greece and the United States had agreed to start procedural talks this summer for an agreement on bases, with substantive negotiations set for the fall. The current five-year Greek-U.S. accord expires in December 1988.

For military planning purposes the United States wants to settle the future of the bases before the current agreement runs out.

Greece receives around $500 million a year as a form of rent for the facilities.

Mr. Papandreou came to power in 1981 pledging to shut the bases and pull Greece out of NATO. He now says he is willing to negotiate a new agreement and submit it to a referendum for approval.

Greece has been accused in the past of laxity in combating terrorism. In 1985, the U.S. State Department issued a travel advisory warning tourists to avoid Athens International Airport after a TWA jetliner was hijacked by terrorists who boarded there.

The advisory was withdrawn six weeks later, but the Greek tourist industry, a major foreign-exchange earner, is still lagging behind 1984 levels.

Only 250,000 Americans visited Greece in 1986, a 60 percent drop from the previous year. Tourist revenues dropped by an estimated $300 million as a result.

AMERICAN TOPICS

Urban Growth Is Slowed in L.A.

After decades of rapid development, Los Angeles is moving toward a more compact lifestyle. The growth-minded president of the city council, Pat Russell, has been voted out after 17 years on the council, and Ruth Galanter, an anti-growth activist, has been was voted in.

Traffic congestion on freeways in southern California has hit a peak. Since 1960, the population density of Los Angeles has increased 23 percent, The Washington Post reports, while that of Boston, Detroit, Philadelphia and Washington has dropped 20 percent or more, to a level roughly equal with Los Angeles.

Rising land prices, rent controls and cuts in property taxes all have served to make people stay put, fighting change in their neighborhoods rather than moving on.

For years, outsiders remarked that Los Angeles had no real downtown. Now emerging as the financial center of the Far West, the city has a high-rise business district.

The image of Los Angeles as an endless sprawl, where people drive an hour to work, is outdated, says Kenneth T. Jackson, an urban historian. "In 1980, the average American traveled 9.2 miles to work," he said, or 14.9 kilometers. "In 1986, the average southern Californian traveled less than 10 miles to work. California is not unusual anymore."

Californians now consume gasoline at less than the national rate and own fewer cars per 1,000 people than Floridians and Texans.

Short Takes

New York's 21 Club has reopened intact after a two-month renovation, The New York Times reports. The upstairs dining room has "the warm and welcome feeling of a country cabin after a day of skiing," and the barroom "is mercifully unaltered," with the same long, arching wooden bar and banquettes under the toy-festooned ceiling. The traditional oversized hamburger remains on the new menu, which is far more varied than the previous one, and the food, which had gone off somewhat, is now top-notch: 21 "can now be taken seriously as a restaurant on its own merits." The prices are "princely," with lunch in the bar at $40 a person and dinner starting at $65.

With the U.S. merchant fleet having shrunk to about 450 privately owned ships, compared to nearly 600 five years ago, fewer graduates of the U.S. Merchant Marine Academy at Kings Point, Long Island, are landing oceangoing jobs. After a free four-year education, graduates must work in the maritime industry for at least five years. In 1979, 92 percent got jobs at sea, compared to 22 percent last year. The rest landed jobs in naval architecture, admiralty law, chartering and steamship company management, which lead to the boardroom rather than the wardroom.

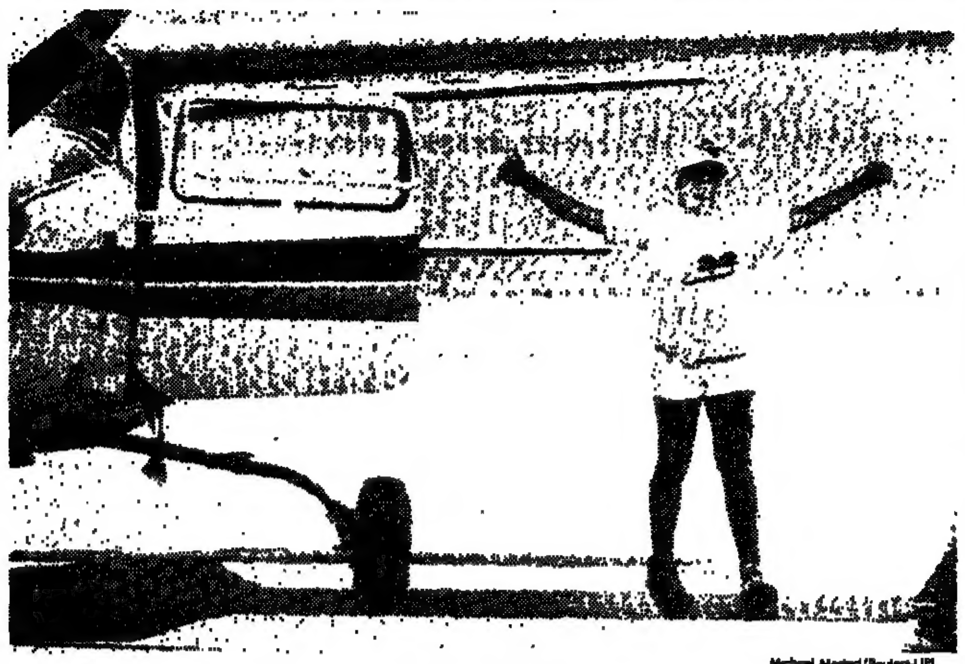
The youth of America is shifting to the left, not politically but physiologically, according to a Washington Post-ABC News poll. It showed that the proportion of left-handers among young people is virtually double that of older people. Among those 61 or older, 88 percent said they were right-handed, 6 percent left-handed and 6 percent ambidextrous. Among those 18 to 30, 83 percent said they were right-handed, 13 percent left-handed and 3 percent ambidextrous. "People aren't being forced to change anymore," said Dr. Camilla Benbow of Iowa State University. "Prejudice against being a southpaw has "given way to more rational thinking."

Notes About People

Seasoned trouper though she is, Nancy Reagan says she still got the shivers at the annual fund-raising gala at Ford's Theater in Washington when she looked up from the stage to the box where Abraham Lincoln was assassinated, as Ronald Reagan nearly was six years ago. "When you look up there at that box, you have to feel a certain tummy-freeze," she said. "I know I feel it, and I'm sure that every actor who's on the stage feels it, and every member of the audience feels it."

When Gary Hart dropped out of the Democratic presidential race last month, his 1984 campaign still owed the National Bank of Washington $556,824. So the bank is to sell 92 lithographs placed in one of its vaults as collateral. The lithographs were donated by the American artist Robert Rauschenberg. Now, the bank says response to its plan has been so great that it expects to schedule a public auction in the next few weeks. Said Kathleen Collins, general counsel for the bank, "We've got to capitalize before people start asking Gary who?"

—ARTHUR HIGBEE



Michael Madrid/Reuters-UPI

THUMBS UP LANDING — John Kevin Hill, 11, gives the thumbs up sign after landing his single-engine Cessna 210 in Loveland, Colorado. The boy, who has logged 200 hours since he began flying two years ago, is attempting to become the youngest pilot to fly across the United States. The boy's flight instructor, Mike Fields, is with him on the voyage, which began in Los Angeles and is to end Wednesday in Washington.

'Powell Court' Comes to End

Departure of Pivotal Justice Opens Way for Rightist Shift

By Stuart Taylor Jr.
New York Times Service

WASHINGTON — The first term of the Rehnquist court, which ended Friday, could more aptly be called the last term of the Powell court. While Chief Justice William H. Rehnquist presided, it was Justice Lewis F. Powell Jr., more than anyone else, who cast the decisive votes.

But with the unexpected retirement of Justice Powell, the Supreme Court in its next term may become the Reagan court.

President Ronald Reagan now has a chance not only to fill a third vacancy but also to put conservatives firmly in control with a chance to act on such issues as abortion, affirmative action and religion.

The decisions of the 1986-87 term showed little deviation from the court's direction in Warren E. Burger's 17 years as chief justice.

The rulings were moderate to liberal on social issues such as racial and sexual discrimination, abortion and church-state relations; and more conservative on criminal law and civil liberties. Overall, the court was moderate and pragmatic in its basic instincts.

Last year when Justice Rehnquist was picked to replace Chief Justice Burger and Antonin Scalia, another strong ideological conser-

NEWS ANALYSIS

vative, became Justice Rehnquist's replacement, many conservatives had hoped — and liberals had feared — that the court would move perceptibly to the right.

But it did not. And Chief Justice Rehnquist found himself in dissent as often as he did in the past; he was joined by the independent-minded Justice Scalia slightly less often than he had been by Chief Justice Burger.

Now, however, the court has reached the tipping point. The liberal victories in so many ideologically charged cases came in one-vote margins, with Justice Powell in the majority.

As in the past, he was more often in the majority than any other member of the court, especially in the major cases and in the 5-4 decisions. His vote in those cases determined whether the conservative chief justice or the liberal wing identified with Justice William J. Brennan Jr. would win.

Justice Powell's strategic place at the dead center of the court's sharp ideological divide, and his moderate, case-by-case approach to issues, made him the most appropriate symbol of the approach to the law taken by the Burger court.

Among the 5-4 decisions on which Powell had a decisive impact were:

- A decision upholding a federal district court's order requiring that Alabama temporarily use a strict racial quota — one black for one white — in promoting state troopers, to make up for severe past discrimination against blacks.
- A decision that a clerical employee in a county constable's office had a First Amendment right not to be dismissed for saying she hoped Mr. Reagan would be assassinated.
- A decision that emotionally charged evidence about the impact of a murder on a victim's family cannot be presented at a death sentencing hearing because it might "inflame" the jury.

In other cases, Justice Powell voted with the majority this term in major liberal victories on issues that included teaching the theory of creation versus evolution in public schools, pregnancy leave, affirmative action preferences for women and minorities and discrimination against people with infectious diseases such as AIDS.

Justice Powell also cast the crucial fifth votes that struck down a Pennsylvania law that restricted abortion rights and that upheld the authority of federal courts to order racial preferences in hiring in order to remedy "egregious" past discrimination.

Chief Justice Rehnquist dissented in all of these cases. The Reagan administration, through legal briefs filed with the court, was on the losing side in all but the death penalty case, in which it was not a party.

But Justice Powell did not always side with the court's liberals. In fact, in 71 percent of the 87 cases on which Justice Brennan and the chief justice disagreed, Justice Powell joined the chief justice.

But on the issues at the heart of the Reagan ideological agenda — abortion, affirmative action and church-state relations — Justice Powell stood solidly with the liberals in defending Supreme Court precedents against attacks by conservatives.

One paradoxical effect of the elevation of Justice Rehnquist to chief justice was that in several cases the liberals probably won more sweeping victories than they would have under the less consistently conservative Chief Justice Burger.

This occurred because Chief Justice Burger was said to have voted sometimes with the majority in cases in which he really agreed with the dissenters, to preserve his power of assigning the majority opinion to himself or to someone else who would frame it narrowly. When the chief justice is in dissent, the senior member of the majority assigns the opinion.

Chief Justice Rehnquist, on the other hand, has not veered from his conservative principles. As a result, Justice Brennan, the court's senior and most liberal member, has been able to assign more opinions.

He has used this to good advantage, assigning the two affirmative action cases and several other major rulings to himself and writing them in broad, liberal strokes.

Drug Fight Set Back in Colombia

Washington Post Service

BOGOTA — Colombia's Supreme Court has declared unconstitutional a law that ratifies an extradition treaty between Colombia and the United States, a decision that represents a major setback for the U.S. campaign against cocaine trafficking.

The action blocks the government from using the treaty to continue extraditing suspected Colombian traffickers wanted on drug charges in the United States. The treaty has been in effect since 1979.

"It's very bad news for us," an official of the U.S. Drug Enforcement Administration said in Washington. "Extradition is what drug traffickers have feared the most."

Justice Minister José Manuel Arias Carrizosa said Thursday that government officials were studying "a series of alternatives."

A group of Colombians controls about 75 percent of the international cocaine trade, according to law enforcement officers.

While the Colombian Congress could be asked to approve a new law to reactivate the extradition treaty, public support for such a measure is weak. Although most Colombians favor a crackdown on drugs, polls show that a majority resent extradition as a violation of national sovereignty.

The government might still be able to extradite Colombian nationals under a 1888 bilateral treaty, to which a drug-related amendment was added in 1940, or under a 1961 United Nations convention. But these approaches would likely present legal challenges for the government and expose it to political attack.

The court's ruling has put Colombia at legal odds with the United States, which still considers the extradition treaty in force.

["No matter what, international treaties stand above internal decisions and as such they are law and must be obeyed," the U.S. Embassy said in a statement on the court ruling, United Press International reported.]

Romania Assails Trade Vote in U.S. Senate

Reuters

VIENNA — Romania denounced on Sunday a U.S. Senate vote to suspend Bucharest's preferential trade status, describing it as interference in Romania's internal affairs.

A statement through the official press agency Agerpress said the Romanian public was "surprised and indignant" to learn of Friday's vote to suspend for six months Romania's trading status as a most-favored nation. It described the vote as a "hostile act."

The Senate, debating a pending trade bill, voted by 57 to 36 for a proposal to suspend trade benefits while the administration reviewed allegations of human rights violations and limits on emigration.

Most-favored-nation status allows foreign countries lowered tariffs on their imports to the United States. It is extended to four Communist nations other than Romania — Hungary, China, Yugoslavia and Poland.

■ Church Repression Cited

Earlier, Susan F. Rasky of The New York Times reported from Washington:

The movement in Congress to deprive Romania of most-favored-nation treatment has gained momentum over the last year because of concerns about persecution and repression of various Christian denominations.

A recent State Department report on human rights in Eastern Europe noted "continued friction" between the Romanian government and such faiths as Seventh-day Adventists, Evangelical Brethren, Baptists and Pentecostals.

The report said that although these religions are officially recognized by the government, their adherents had insisted on "the primacy of religious belief over state authority in matters of conscience."

The Senate vote on Romania is partly symbolic since resumption of the most-favored-nation status after six months would be automatic. But the vote will make it more difficult for senators to argue against a similar type of amendment proposing trade sanctions against South Korea, which is expected from Senator Edward M. Kennedy, Democrat of Massachusetts.

Mr. Kennedy has said he intends to propose sanctions against South Korea in an effort to force the Seoul government to improve human and political rights. Mr. Kennedy's amendment is expected to call for removal of preferential trade treatment for certain Korean imports to the United States.

The House trade bill, approved April 30, contains a parallel provision, which means that any trade legislation sent to President Ronald Reagan is likely to contain the suspension.

Mr. Reagan renewed Romania's most-favored-nation status this month. But in making the annual determination, which is required by the Congress, he acknowledged concern about rights violations.

In a letter notifying Congress of his decision, he said that it was the trade relationship with Romania "that enables us to engage the Romanians in a frank dialogue on these issues and to work to improve conditions there."

Jewish organizations concerned about Romania's willingness to permit continuing emigration of Jews had argued strongly against taking any action on the trade status and Friday expressed dismay at the outcome of the Senate vote.

"The Senate action is a mistake," said Seymour D. Reich, international president of B'nai B'rith, who arrived in Bucharest on Friday for talks with Romanian officials. "It eliminates an incentive for Romania to improve human rights and may jeopardize the flow of immigrants to the United States, Germany and Israel."

The United States ran a $588 million trade deficit with Romania in 1986, with U.S. imports from Romania amounting to $838.8 million and U.S. exports to Romania amounting to $250.9 million. The Commerce Department has estimated that loss of most-favored-nation status could cost Romania about $300 million a year.

OPINION

Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

Pretty Dull Stuff, That

President Reagan says he is bored by the Iran-contra investigations. "When you get a mile and a half away from the Potomac River, there are an awful lot of people that have gone back to their favorite television shows and I don't blame them," Mr. Reagan said recently. Boring indeed, the last few days of the hearings.

How dull to discover from committee counsel, reading dry words into the hearing record, that William Casey's CIA was deeply involved in the arms-for-hostages deal long before the agency even sought the necessary legal authority from the president. How dull also to learn that two agency cables proving that involvement are missing from the files.

It was tedious of Charles Cooper, an assistant attorney general, to testify that according to Attorney General Edwin Meese the president expressed surprise when told that Iran arms sale proceeds had been diverted to Nicaragua. But there was not a word to suggest that Mr. Reagan was angry.

How soporific it was to learn that Mr. Casey lied to the House Intelligence Committee when he said that the secret November 1985 shipment to Iran contained "oil-drilling equipment," not missiles. Representative Bill McCollum was indignant, not bored, to learn that Mr. Casey and two former national security advisers, John Poindexter and Robert McFarlane, had misled Mr. Meese on this point.

Was it merely ho-hum that Mr. Meese gave a day's notice to Admiral Poindexter, then the national security adviser, that he would be going to the White House to look at the Iran-contra files? According to Senator Warren Rudman, the attorney general thus "telegraphed" a critical move and gave time for a shredding party — enough paper "to fill up half of a boxcar."

What about the retired CIA technician who installed a $14,000 anti-terrorist system at the suburban residence of Lieutenant Colonel Oliver North, certified presidential hero, got paid by Richard Secord out of Iran arms proceeds, and covered up the gratuity to the colonel? Even Senator Orrin Hatch and Representative Henry Hyde, two of the most easily bored White House defenders, were moved by this. Mr. Hatch said he had been "let down." Mr. Hyde called it "sleazy."

Perhaps the testimony next month of Colonel North himself and of Admiral Poindexter will win closer White House attention. After all, much of the bargaining with Mr. North over the last two weeks had to do with legislators' concern for the president. They reportedly feared that the witness might blurt out for the first time in public what Mr. Reagan knew and when.

As this record is spread before the television cameras, it brings many words to mind, none of them boredom. Arrogance, for instance; carelessness; mindlessness; irresponsibility; illegality. A president who cared that his White House was shown wildly out of control would be furious. Why is this president yawning?

— THE NEW YORK TIMES.

Panama: Time for Change

In Panama, a thuggish military regime has dropped the facade of constitutional rule and governs by emergency decree. In Washington, a flawed policy of endorsing sham democracy for the sake of stability has come unraveled. Recognizing that, the Reagan administration now distances itself from General Manuel Antonio Noriega, the Panamanian strongman. It is time to go further by pressing him to step aside and give real democracy a chance.

That moment has come for Panama just as it did in the Philippines, and just as it is coming for Chile. The drive for democratic change derives not from Moscow or Havana — or Managua, which has embarrassed American defenders by declaring its solidarity with the Noriega regime — but from middle-class Panamanians. As in South Korea, it is they who now fill the streets with protest.

The Panama crisis erupted when Colonel Roberto Diaz Herrera, previously second in command of the ruling Panama Defense Force, accused General Noriega of direct complicity in political murders and frauds. Similar charges had been heard before, but Colonel Diaz's admission of personal complicity added greatly to their force. Following street protests, the Noriega regime struck hard against free expression in a desperate effort to maintain control. The independent press was censored, foreign journals restricted and protesters threatened with harsh punishment. These emergency regulations were extended last week.

As a candidate, Ronald Reagan opposed the Panama Canal treaties and the military regime with which they were signed. But in office, his administration realistically saw the treaties as accomplished fact and sought to protect U.S. interests by cooperating with the regime. Fair enough.

But the Panamanian government has grown ever more unsavory, particularly since General Noriega took power. Apart from its contempt for democratic norms, the regime has long been suspected of involvement in drug trafficking, espionage, and curious dealings with Libya.

Yet incredibly, Washington hailed the election of a puppet president in a 1984 vote so tainted as to be laughable. Secretary of State George Shultz, ignoring intelligence reports, attended the inauguration.

To call for an end to General Noriega's dictatorial regime, now, would serve U.S. interests and values. Further, it would restore faith with the Panamanian people.

— THE NEW YORK TIMES.

A One-Man Institution

Arthur Burns was a one-man economic institution. Throughout his life he carried the manner of the professor that he had once been, but his shrewd political judgment, and an abiding devotion to public service, led him through a career of three decades at the highest levels of government. The students to whom he lectured included three presidents. He had a starchy academic air, but in Washington infighting he was, in the words of another master, Henry Kissinger, "as cagey as a tree full of owls."

He performed one early service, and an important one, in persuading President Eisenhower to retain the recently established Council of Economic Advisers, and as chairman of it for three years, he redefined the job as not a public advocate but the president's private adviser — and sometime tutor. His purpose was to put the results of research and scholarship to work in the political enterprise of steering the economy, and he stayed at that work into the turbulent years of oil shortages and inflation in the 1970s.

As chairman of the Federal Reserve Board from 1970 to 1978, he struggled with the long and painful inflation generated by the Vietnam War. He was accused of having deliberately let the money supply soar and aggravated inflation to help Mr. Nixon's re-election campaign in 1972. The emerging consensus among historians is that the charge is false. In retrospect, it seems clear that, pressed by the White House, by congressional Democrats and even by many professional economists to expand and to keep unemployment down, he doggedly steered a far more cautious course than either party wanted. His relationship with Mr. Nixon was anything but cordial, and in later years he occasionally spoke with heat of the attempts of the Nixon staff to bully him — attempts which, as the Nixon staff could testify, were not successful.

But with President Ford, whose views on policy were much nearer to his own, Mr. Burns developed a close and warm cooperation. The Ford presidency was probably the period when relations between the White House and the Federal Reserve were the most serene in recent history, despite the deep recession of those years.

Recalled to service by President Reagan, he was a widely respected ambassador to Bonn for four years. Pipe in hand, with vigor and candor, he lectured the nation that invented the professorial manner, and did it to great applause. Throughout a long life he was known as much for his integrity as for his sharp wit. Friday, at the age of 83, he died of complications of heart surgery.

— THE WASHINGTON POST.

Other Comment

New Depths of EC Pettiness

Those with a proper concern for the role and dignity of statesmanship ought to be deeply worried about the fact that 12 heads of government are preparing to engage in a fierce debate over whether to put a tax on edible oils and fats. Voters in the European Community countries are entitled to ask whether they are well served when their chosen leaders spend precious time arguing about the price of liquefied rapeseed.

But on present evidence the EC summit is likely to plumb this new depth of pettiness because the agriculture ministers cannot find a cure for the terminally ill Common Agricultural Policy. Because of that and because the CAP swallows 70 percent of EC spending, their financial colleagues are incapable of balancing the budget of a technically bankrupt community. The tax on oils and fats is a substiture for the deep cuts in price support payments to farmers which national governments piously recognize as essential for balancing the books but lack the political will to implement.

If governments want to keep the farm lobby sweet regardless of the market for its produce, as they seem set on doing, let them underwrite farmers' incomes directly rather than imposing artificially high prices on consumers and distorting world trade by dumping surpluses abroad. This conversion from price support to income support involves the repatriation of the CAP to the individual member states, but need not entail abandonment of a common market in food based on agreed prices. If an outdated mechanism is beyond repair it seems prudent to scrap it.

— The Guardian (London).

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Where Reagan's Thumbprint Will Endure

By James Reston

WASHINGTON — If you are wondering about Ronald Reagan's legacy as president, look to the courts. His domestic policies have sunk in a sea of red ink. His foreign policy is ending in scandal, but his thumbprint will be on the judiciary into the 21st century.

With the retirement of Lewis Powell, Mr. Reagan will be able to appoint his third Supreme Court justice. He has already appointed a chief justice of the United States and 290 of the 741 lifetime judges in federal courts.

In short, he is running out of everything but luck. The chances are that more than half of all the federal district judges and appeals court judges in the country will be of his choosing before the end of his second term, or, more accurately, of Attorney General Edwin Meese's choosing — not a particularly comforting thought.

Mr. Meese will put somebody in Justice Powell's place, but replacing him is not the same thing. He was one of the most judicial, and civil, gentlemen who ever sat on the court, faithful only to his own character and to the nation's constitution.

When observers say his was often the decisive vote in 5-to-4 decisions, what they mean is that neither the conservatives nor the liberals knew how he would come out on President Reagan's social agenda and had to do their best to persuade him. Mr. Meese may be glad to see him go; not so the other members of the court.

It is true that in the Supreme Court's first full term under Chief Justice William Rehnquist and with the addition of the conservative Justice Antonin Scalia, the liberals and moderates, usually with Justice Powell's vote, managed to prevail.

This coalition, led by Associate Justice William Brennan, rejected a challenge to the death penalty. It followed the liberal line on affirmative action cases, on the right of working women to pregnancy leaves, on asylum for political refugees and on the teaching of creationism in the public schools.

With Justice Powell's retirement this coalition may not prevail, particularly on the issue of the right to abortion, which he supported.

Nothing is riskier in Washington, however, than predicting how the court will rule. All you can do is look at the record, and here the tendencies of this administration are fairly clear.

Mr. Meese gets these lifetime appointees when they are comparatively young. The average age of second-term Reagan appointees was 48, younger than the appointees of the previous four administrations. On average, they are richer than their predecessors; and in Mr. Reagan's second term, his appointees had less judicial experience than those of the previous four administrations.

Yet while the Reagan appointees voted more conservatively than their predecessors, and while Mr. Meese has presided over the most systematic ideological screening system since Franklin Roosevelt's first term, Sheldon Goldman, in a careful analysis for the American Judicature Society, concludes that "there is no objective evidence that a 'litmus test' in terms of specific policy views has been employed to accept or reject candidates."

Justice Powell apparently considered that the age of 79 was an appropriate time to go home, and did not want to quit in a presidential election year when the question of his replacement would have become a partisan political issue.

So the president will now look around, and he is getting plenty of advice. President Nixon once asked Senator Howard Baker if he was interested but withdrew the suggestion after Mr. Baker said he was. Now, after a spell in the White House, Mr. Baker might think the court looks pretty good.

There are at least two conservative and distinguished Reagan appointees on the appeals court, Robert Bork and Richard Posner, and if the president is in a fighting mood, he could turn to his favorite Senate cheerleader, Orrin Hatch of Utah.

Mr. Hatch aside, any respectable conservative on Mr. Meese's short list will undoubtedly be confirmed, and the president can go home feeling that the courts, if nothing else, are in fairly sound conservative hands. Then if he can strike a deal with the "evil empire" on arms control he will leave something behind. As Casey Stengel said in retirement, "You can't lose 'em all."

The New York Times.

How the West Can Safeguard Its Deterrent Strength

By Bernard W. Rogers

General Rogers retired last week as supreme allied commander in Europe.

MONS, Belgium — Military strength and political will are both necessary for the North Atlantic Treaty Organization to deter aggression, but the alliance has also long recognized the need for dialogue with the Soviet Union. A central element of NATO's approach is arms control.

NATO's strength, however, is threatened by a recent proposal in the talks on intermediate-range nuclear forces, or INF. The plan would eliminate longer-range missiles in this category and reduce short-range weapons on each side. Such a move would harm the credibility of Western deterrence, the ability to prevent aggression.

I have held that position for six years, since the plan was first put on the negotiating table. Arms control must not be an end in itself, and political leaders should guard against the natural tendency to seek short-term political success at the price of increasing military risk in the long run.

Deterrence is in the mind of the beholder — the Soviet Union. The Russians must perceive that any aggression against the West will result in more pain than gain for them.

NATO decided to deploy land-based, long-range INF missiles in 1979 to fill a gap in its spectrum of deterrence. The gap existed because U.S. F-111 aircraft based in Britain were the last part of the theater nuclear system that could reach Soviet soil, provided the aircraft could penetrate Warsaw Pact air defenses. The fact that the Russians began deploying SS-20 missiles in 1977 made the NATO decision more urgent.

Removing the land-based intermediate-range nuclear forces now would return NATO to its weak, pre-1979 posture. Because the Russians have continued to improve their conventional and nuclear forces, NATO would be in an even worse position.

To establish credible deterrence, two capabilities, listed in NATO's guidelines for using nuclear weapons, are vital: the ability to strike, with certainty, targets deep in the Soviet homeland (only Pershing-2 missiles meet this requirement), and a number of nuclear escalatory options between conventional forces and the use of strategic nuclear forces.

The proposed INF agreement would eliminate the Pershing-2 missiles and thereby remove the first capability. It would also eliminate a crucial escalatory option. The result would be a reduction in the credibility of NATO's deterrence.

Nonetheless, the INF proposal has been promoted by NATO political officials for the last six years, even though a number of them recognized, after the Reykjavik summit meeting, the folly of having done so.

How can allied governments now tell their people that they made a mistake, that they did not expect the Russians to agree to the reductions? Not many can. So there most likely will be an agreement (assuming verification procedures are worked out) on eliminating long-range INF weapons. Political credibility — admittedly important — of governments and national leaders will thus have assumed a higher priority than the credibility of Western deterrence. What NATO must do now is to bolster that credibility.

A solution aimed toward that objective would include three points: linking the elimination of the remaining longer-range INF weapons to a satisfactory agreement on conventional and chemical weapons; reaching a lower and balanced level of shorter-range weapons by converting Pershing-2 missiles to shorter-range Pershing-1Bs; retaining the 72 Pershing-1As and their warheads in West Germany to balance the 600 Soviet Scud missiles aimed at Europe.

Although the elimination of Pershing-2 missiles would prevent NATO from attacking Soviet targets quickly and with certainty, at least the Pershing-1As and 1Bs would let it strike targets in western Poland, East Germany and Czechoslovakia.

Some people may assert that what I have suggested is infeasible. But if the Russians are as fearful of the Pershing-2s as it appears, and if they are prepared to pay the price to eliminate them, why should we pre-emptively concede that they will not accept such proposals? At least, let us try.

Throughout the arms control debate, I have been concerned by glib rationales presented by people who try to justify the so-called zero-zero plan, which would eliminate some intermediate-range and short-range weapons.

One rationale is that the 4,600 warheads based in Europe should be enough for deterrence. (This number was mandated at a NATO defense ministers meeting in 1983. NATO has reduced its nuclear warheads from 7,000, unilaterally, since 1979.)

But someone should ask, "Once the 572 long-range INF warheads are eliminated, what is the composition of the remaining warheads?"

They consist of a few maritime depth charges (range 0), many artillery shells (9.5 miles, or 15 kilometers), 95 Lance missiles (72 miles), 72 West German Pershing-1As (450 miles) and bombs for aircraft capable of carrying either conventional or nuclear bombs.

Given the need to set artillery and the Lance missile systems well behind the battle lines to protect them from enemy fire, only the West German Pershing-1As can strike with certainty deep into non-Soviet Warsaw Pact territory. NATO aircraft are limited in the range they can travel and by Warsaw Pact air defenses.

By RAESIDE in the Times-Colonist (Victoria, Canada). C&W Syndicate.

So more than just numbers of warheads are involved. The real questions are: "Does NATO have the appropriate systems to hit targets we need to hold at risk, and do the Soviets know we can do it?"

Another rationale often heard is, "Since the Russians are giving up more warheads than NATO, this has to be a good deal for the West." Yet the Russians would lose only a very small fraction of their capability to strike Western Europe, since every one of the thousands of Soviet warheads remaining, including intercontinental ballistic missiles and submarine-launched ballistic missiles, can still reach West European soil.

But the INF agreement would deny NATO the weapon most feared by the Soviet Union, the Pershing-2, and thus the most effective deterrent, thereby reducing the credibility of its overall deterrence and creating zones of unequal security in the alliance.

A third rationale is, "NATO can use the submarine-launched ballistic missiles committed to the supreme allied commander in Europe." While this is technically feasible, I believe it is politically infeasible today, as it was in 1977 to 1979, when NATO governments protested strongly against using "strategic" weapons for theater nuclear purposes. Moreover, although the Russians can discriminate between the launching of land-based ballistic missiles and the launching of submarine-based ballistic missiles, they cannot tell whether those being launched from submarines are part of the Supreme Allied Commander's limited inventory or from the American or British strategic nuclear inventory. Thus, they cannot know whether the West has begun an all-out nuclear attack.

Finally, a zero-zero accord would require NATO to bolster the credibility of its deterrence. The most critical step would be to improve conventional forces, by exploiting Western technological superiority — for example, with the so-called follow-on forces attack program, known as FOFA.

Dual-capable aircraft must be protected from elimination no matter how enticing Mikhail Gorbachev's potential offer in this category may seem. We can protect them by hardening shelters, improving the aircraft defenses and their ability to penetrate Warsaw Pact air defenses.

NATO must also modernize its nuclear capability. This means developing a new air-to-surface Standoff missile and a follow-on to the Lance missile, improved artillery-fired atomic projectiles and completion of the Trident submarine programs.

A strong NATO is the West's best guarantee of peace at the lowest possible level of risk. Arms control agreements that enhance security and maintain a credible deterrence can reduce risks. But accords made solely to boost the political objectives of NATO officials will reduce NATO's capability to deter the Russians. NATO must not sacrifice long-term deterrence for short-term political expediency.

The United States and its allies should evaluate very carefully, and honestly, the long-term consequences of arms proposals. No pact should be signed today that NATO countries will regret tomorrow — when current political leaders are no longer in power — leaving the people of the West, and especially of Western Europe, to live with the results.

The New York Times.

Deterrence Cannot Rely on Nuclear Arms

By Morton H. Halperin

WASHINGTON — General Bernard Rogers, the just-retired NATO military commander, says that without nuclear weapons the alliance could resist a Soviet attack only for "days, not weeks." The more relevant question is how long Western Europe could survive if NATO used nuclear weapons to resist a Soviet attack.

General Rogers makes an old mistake: talking about nuclear arms as if they were traditional weapons that could be used to fight and win wars.

But nuclear devices are simply not weapons, for the use of even a very small number of them would destroy the battlefield — that is, Western Europe and perhaps most of the world.

Current NATO plans call for firing one or a few weapons — the shot across the bow — in the hope that the Soviets will be sufficiently scared to sue for peace. However, many analysts believe that it is much more likely that the NATO populations will demand an end to a war on any terms if a nuclear device goes off.

Now the Soviets are proposing to eliminate medium-range and short-range missiles. The agreement in principle of NATO countries has General Rogers and others disturbed.

What NATO now relies on to deter a Soviet conventional invasion is a doomsday machine linked to a roulette wheel. The alliance says to the Soviets: There are so many nuclear weapons in Europe that if you start a war one of them may go off. More are then likely to be used. The result could be the destruction of the world.

People like General Rogers, who understand how dangerous the present system is, become nervous about any change that would give the Soviets less reason to fear the doomsday machine. This unease is often expressed as a fear of "decoupling." General Rogers argues that unless the United States has one or another nuclear delivery systems in place in Europe and maintains the right ratio of NATO to Soviet weapons, the Russians are likely to conclude that the American president would not use nuclear weapons to resist a Soviet conventional attack in Europe. But they do not make clear why a U.S. president is more likely to use medium-range missiles based in Europe than those based offshore or in America to attack Soviet forces.

In fact, Washington is likely to believe that any large-scale nuclear attack on Soviet forces would lead to a broad Soviet response aimed at all U.S. forces in Europe and at the rest of the American nuclear capability, including forces in the United States. Thus, if an American president ever decides to initiate a nuclear attack, he is likely to order an all-out strike.

A more fundamental concern is that the Soviets might conclude that the president would not initiate the use of nuclear weapons regardless of what delivery systems exist. For there is no way to make the threat to initiate their use credible.

A doomsday machine tied to a roulette wheel — we pin our hopes on this?

Those who support the status quo say first that the system ain't broke and should not be fixed. Second, they argue that there is no real alternative. Neither argument is correct.

Consider this: The military has been told that it will be given permission to use nuclear weapons whenever "necessary." In a crisis, NATO might suddenly find that it was not willing to resist a Soviet conventional military move because of the belief that within a few days it would have to initiate the use of nuclear weapons or be overrun. So the pressure to appease the Soviets in order to avoid war could lead to the neutralization of Western Europe that those who resist change most fear.

Alternatively, in a crisis NATO leaders might realize how vulnerable their nuclear weapons were to Soviet conventional attack, and decide to disperse them. Once the weapons were deployed, the danger of unauthorized use or approved use to prevent their being overrun would increase.

If the current situation poses too high a risk of an unintended nuclear war or of the NATO alliance backing down in a crisis, we must find an alternative. There is one.

The West cannot get rid of nuclear devices. What it can do is to make its war plans and deploy forces on the assumption that it would never be in NATO's interest to initiate the use of nuclear weapons. Nuclear weapons can be deployed in a separate command so that devices are available to retaliate for Soviet use or in the unlikely event that NATO seeks to initiate their use. The regular military forces would be trained and equipped only for conventional war. This change would enhance NATO's conventional capability with no increase in spending. Deterrence would be more credible.

The West would also recognize that what deters the Kremlin is the credible threat that a war in Europe means a large war with America that it will fight to win. As long as no events in Western Europe threaten vital Soviet interests, the Russians are unlikely to attack in this situation.

Having recognized that nuclear devices cannot replace adequate conventional capability, we can seriously debate whether NATO forces are sufficient to deter a Soviet attack. My sense is that with modest improvements they are. Those who think not should be arguing for the needed improvements and not leading us to think we can rely on nuclear weapons if only we reject the Soviet proposal.

It is time for realism. And that must begin by recognizing that nuclear devices are not weapons.

The writer, a deputy assistant secretary of defense in the Johnson administration, is author of the newly published "Nuclear Fallacy." He contributed this comment to The Washington Post.

Looking Past Chun's Own Failed Vision

By Jim Hoagland

WASHINGTON — The odds have swung now to no better than even that President Chun Doo Hwan, South Korea's faltering strongman, will achieve the tidy finish to his reign that he so badly wants. The massive public anger with Mr. Chun that has boiled over into violent demonstrations seriously imperils his plan to hand over power to a malleable successor in the spring.

The direct threat to Mr. Chun comes not from the streets but from his fellow generals. Already disenchanted with him because of his increasingly arbitrary rule and an odor of corruption that wafts around his entourage, they will not blink at dislodging Mr. Chun if he stumbles in dealing with the public challenge.

No one knows this better than Mr. Chun himself. In a conversation early last year, he acknowledged that his desire to arrange a quiet and decorous retreat from the position of power that he seized in 1980 is driven by a fear of winding up like his presidential predecessors. (All of them have been thrown out of office or assassinated.) But Mr. Chun's insistence on staging his retreat on his own terms now endangers the entire enterprise.

Even if the demonstrations subside, Mr. Chun's power base has been dramatically eroded. Senior U.S. officials who hope Mr. Chun can survive into 1988 have concluded that he now is unlikely to be able to impose his crony, Roh Tae Woo, as his successor. They foresee an interim regime, declared by the generals or negotiated by them with Mr. Chun and the opposition, that would take power to draw up a new constitution.

This conclusion has forced a swift reappraisal by the Reagan administration of its once undiluted support for Mr. Chun. When the Korean leader provoked the crisis in April by breaking off the dialogue he had established with the opposition, the administration issued the mildest of public reservations about Mr. Chun's actions.

But the demonstrations and the uncertainty over Mr. Roh's eclipse have brought home to senior American foreign-policy makers that they are looking at an unraveling in Seoul that could be as severe a challenge as the Reagan administration is likely to face in its final months.

Mr. Chun offered Saturday to compromise, partly by distancing himself from the plan to install Mr. Roh. But this is unlikely to satisfy the opposition and end the challenge. For his new plan will leave the ruling party in control of the elections and the constitutional revision he proposes.

So the Reagan administration, as it did last year in the Philippines, confronts the dilemma of having to press a friendly regime to undertake reforms that are likely to end by bringing that regime's demise. Washington's willingness to do this is a measure of how desperate the situation in Seoul has become and how disastrous for America any other course would be.

By dispatching Gaston Sigur, the head of the State Department's East Asian bureau, to Seoul to call publicly on Mr. Chun not to declare martial law, the Reagan administration is reluctantly but knowingly depriving Mr. Chun of much of his leverage in trying to force the demonstrators off the street without using the iron fist.

The Reagan administration is making human rights and the determination to avoid bloodshed the centerpiece of its efforts to maintain political stability and protect long-term U.S. interests in a vital allied nation.

That is the way it was supposed to work in the Carter administration, of course, but never did. Compare Mr. Sigur's warnings about martial law to the Carter administration's public welcoming of the shah of Iran's turn to military rule in November 1978 in similar circumstances. More to the point, the Reagan administration is now actively attempting to head off a repetition of the kind of massacre of demonstrators by Korean troops that occurred in Kwangju in May 1980 — on Jimmy Carter's watch.

Not plagued by arguments about human rights vs. toughness, as was the Carter policy team, the Reagan administration has its priorities right in South Korea. Because of the deep American involvement in the operational control of South Korea's military, another Kwangju now could poison Korean-American relations for decades.

That would be tragic strategically and historically. The American record in helping prevent a takeover of South Korea by the hostile and paranoid regime to the north is one of the nation's finest accomplishments abroad in the past four decades. It should not be endangered now to enable Mr. Chun to try to follow his obviously flawed vision of the future.

The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Wearily Balloting

BALTIMORE — Deadlocked over the Presidency, with Champ Clark leading and Governor Woodrow Wilson gaining, with Oscar Wilder Underwood and Judson Harmon strong as possible compromises, with no candidate able to see even a remote chance of getting a majority, the Convention is wearily balloting away [on June 28]. It looks like a test of endurance. The fifth ballot was: Mr. Clark 443; Governor Wilson, 351; Mr. Underwood 119½; Governor Harmon, 141½; Governor Thomas Riley Marshall, 31; Senator Kern, 2. Needed to nominate, 726. The New York Herald reiterates the advice that Mr. Underwood is the man to bring the Democratic Party out of the wilderness. The Baltimore Sun says the nomination of a reactionary will smash all chance of victory in November.

1937: Reich Limits Trade

BERLIN — At its opening session [on June 28], the Berlin Congress of the International Chamber of Commerce left no doubt that the Reich will continue its semi-isolationist economic policy. General Hermann Goering said: "We have decided to rely on our own resources, in so far as indispensable raw materials are concerned, and thus assure our independence. Just as Germany must be able finally to rely upon its own strength ... to defend its territory, so must it be economically self-supporting if it is to preserve its independence." Germany apparently will never return to the free exchange of goods with other countries on a pre-war scale. Thus whatever hopes there may have been among delegates ... for a vigorous campaign to break down trade barriers had proved illusory.

Vatican Financial Crisis May Lead to Changes In Catholic Hierarchy

By Roberto Suro
New York Times Service

ROME — Resolving the Vatican's deepening financial crisis may require basic changes in the institutional character of the Roman Catholic Church, according to Vatican officials.

New relationships are already developing in the Catholic hierarchy as local bishops play an increasing role in paying for a papacy that was once financially independent but now spends twice its income.

The Vatican faces a record deficit of $63 million in 1987, and long-term decisions on how to fill the papal coffers might have to be made this year, Vatican officials say.

The United States, with the richest and most generous Catholics in the world, is exercising unusual influence over Vatican finances. Prominent American prelates have successfully lobbied for changes in the Vatican's management practices.

The Vatican's financial problems have been growing for a decade. But a reserve fund previously used to help cover deficits has been exhausted, according to a Vatican prelate involved in setting budget policy.

Drawing additional assistance has become more difficult because arrest warrants were issued in February for Archbishop Paul C. Marcinkus, president of the Vatican bank, who is an American, and two other top officials of the bank. They face charges in an Italian court of taking part in fraud that led to the collapse of Banco Ambrosiano, based in Milan, in 1982. The Vatican bank, known as the Institute for Religious Works, was part owner of Banco Ambrosiano.

The Vatican is looking in two directions for help. The first is Peter's Pence on Sunday, an annual collection on behalf of the pope. Last year the donations totaled $32 million and covered more than half the 1986 deficit, estimated at $56 million in Vatican documents.

For the extra cash needed to cover the rest of this year's deficit, Pope John Paul II is looking to his brother bishops.

In an unusual appeal, the Vatican has asked the world's bishops to help make up the shortfall. Cardinal Giuseppe Caprio, president of the Holy See's Prefecture for Economic Affairs, said a letter distributed this spring to more than 2,200 active bishops reminded them that they had a duty under church law to help finance the Vatican.

The letter, signed by a council of cardinals that oversees Vatican finances, paints a bleak picture. The Vatican's property and investments are valued at $560 million, of which only $270 million produces income, Cardinal Caprio said.

The letter does not establish a formal mechanism for contributions by bishops, but some Vatican officials say they think such a mechanism will have to be created soon unless there is an extraordinary outpouring of funds this year.

"It is impossible to run any kind of institution on the basis of unpredictable donations," said a Vatican prelate who heads a policy-making office.

"Eventually we probably will have to institutionalize a process by which the bishops contribute directly and regularly to the support of the Holy See."

Professor Giuseppe Alberigo, a church historian at the Institute for Religious Sciences in Bologna, said this was the first time that "collegiality," the principle of joint authority and responsibility among all bishops, had been applied to finances. He said the appeal could have "profound and permanent consequences" if applied regularly.

"In the immediate future, reliance on the bishops for money would mean that the few rich nations, especially the United States and Germany, would greatly increase their influence over the papacy," Mr. Alberigo said, "because people rarely give money without expecting something back."

The appeal to the bishops has already prompted unusual action in the United States.

Cardinal John Krol of Philadelphia and Cardinal John J. O'Connor, the archbishop of New York, who serve on the council that supervises Vatican finances, have begun discussing the creation of an American endowment fund that could serve as a model for other countries, according to a senior American church official.

Unlike virtually all other donations to the Vatican, money contributed to the fund would probably stay in the United States, and only the endowment's income would be transferred to Rome, the official said.

Under pressure from American prelates, the Vatican distributed a budget statement for 1985 to the bishops along with the letter that asked for their contributions.

Cardinal Krol has been among the most forceful exponents of the view that the Vatican would not be able to collect more money unless it gave up its traditional secretiveness about finances.

PROTEST IN MELBOURNE — Prime Minister Bob Hawke of Australia, surrounded by bodyguards, struggling to get through a crowd of anti-abortion demonstrators in Melbourne after he arrived Sunday to open a community health center. He is traveling the campaign trail for the national election scheduled for July 11.

Iraq Is Said to Get More Chinese Arms

By Molly Moore
Washington Post Service

WASHINGTON — A new shipment of Chinese-made arms, including Badger bombers and Silkworm missiles, has arrived in Iraq, according to Pentagon sources.

The supplies complete a large order of arms purchased from the Chinese at a time when the Iran-Iraq war is accelerating, sources said.

The shipment also raised new concerns for U.S. officials seeking a cease-fire and planning to begin escorting Kuwaiti ships under U.S. flags in the Gulf next month.

Intelligence reports show that the latest Chinese shipment to Iraq includes four Chinese-made Badger bombers and 30 crates believed to contain Silkworm missiles, sources said. The Silkworms, they added, are believed to be for launching from the bombers. That version has a range of 60 miles (100 kilometers), sources said.

They said the shipment "completes a big order" of Chinese-made arms that have been arriving in Iraq for several months.

The four new bombers would give the Iraqis significantly more muscle for their heavy bomber force of about 17 airplanes, according to the "The Balance of Military Power," a defense almanac.

China has consistently denied that it sells arms to Iran. But Reagan administration officials recently accused it of selling Iran 30 ground-based Silkworm missiles capable of hitting ships in the Gulf.

A recent report compiled by the Arms Control and Disarmament Agency estimated that China sold Iraq $3.1 billion and Iran $575 million in arms from 1981 to 1985.

Meanwhile, the navy's investigative board has recommended that Captain Glenn R. Brindel, 43, skipper of the U.S. frigate Stark, and the officer in charge of its weapons should be court-martialed for failing to take defensive action against the Iraqi warplane that fired two Exocet missiles into the ship the night of May 17, authoritative sources disclosed Friday. Thirty-seven sailors died in the attack.

The report cites several major failures, including failure to warn away the Iraqi pilot by radio before he was close enough to fire and neglecting to prepare a chaff dispenser designed to confuse radar-guided missiles, defense officials said.

Defense Secretary Caspar W. Weinberger will decide whether to accept the board's recommendations and go ahead with a court-martial, or halt the legal process.

There were these other developments relating to the Gulf:

- The Iranian news agency IRNA said that at least 10 persons died and 650 were wounded when Iraqi jets dropped mustard gas in two bombing raids over Sardasht in northwestern Iran on Sunday. Most of the victims were women and children in civilian areas, IRNA said. (UPI)
- Iranian gunboats attacked two Scandinavian supertankers in the Gulf on Saturday, setting both on fire and critically injuring a Norwegian engineer, shipping sources reported. They said two other seamen were slightly injured.

Rockets hit the 122,445-ton Norwegian-owned Mia Margrethe shortly after midnight Friday and the 273,616-ton Swedish-operated Stena Concordia less than an hour later, the sources said. (AP)

GULF: *Mid-July Gulf Deadline*

(Continued from Page 1)

Kuwaiti shipping to be protected in another fashion.

Mr. Shultz's statements indicated that the administration was determined to move ahead with its plans on its own schedule. He said U.S. naval forces were now being assembled in and near the Gulf and that protection for the reflagged ships was likely to begin in the first half of July.

There had been rumors and some published reports before Mr. Shultz's appearance that he had private misgivings about the reflagging of the Kuwaiti ships.

Mr. Shultz had been out of Washington on trips abroad for nearly three weeks until last Thursday while the reflagging debate intensified. Sunday's interview was his first chance since returning to express his attitude publicly.

On a related front, Mr. Shultz said "a strong diplomatic effort" was under way to persuade the United Nations Security Council to impose sanctions against Iran or Iraq if either nation ignored a cease-fire demand that has recently won the support of the Security Council's five permanent members.

State Department sources said intensive consultations on the sanctions resolution began last week at the United Nations and that China, as previously reported, remained the most important roadblock to agreement.

The position of the Soviet Union was also not completely clear, the sources said.

The United States and other governments believe Iraq will accept the cease-fire request. Iranian officials have stated in recent days they will reject it.

Mr. Shultz, addressing a variety of questions in the television interview, also said that he found some of the recent revelations about the Iran-contra affair to be "sickening."

He said he was referring to testimony that "people who were representing themselves as in some way speaking for America" were indicating that the United States would intervene in the case of radical Shiite prisoners being held by Kuwait.

According to testimony before the joint Senate-House committee, Albert Hakim, an Iranian-born businessman, discussed possible freedom for the prisoners in Kuwait with an Iranian official last October in the context of an "arms for hostages" arrangement.

IRAN: *Meese May Have Obscured Facts on Contra Funds to Protect Reagan*

(Continued from Page 1)

thorization — the original copy of which is missing from the White House — bluntly acknowledged that the November transaction was an arms-for-hostages deal. If discovered, Mr. Reagan's signature on such an unqualified statement would have proved embarrassing since it conflicted with the president's repeated denials that he intended such a barter.

Evidence now before congressional investigators has established that Mr. Meese was no novice in these matters when, on Nov. 7, 1986, he asked Mr. Cooper to look into the "wrinkles" of the Iran story, which had just broken in the American news media.

Only eight days earlier, on Oct. 30, Mr. Meese had been asked by the national security adviser, John M. Poindexter, then a vice admiral, to delay an FBI investigation into the possible involvement of a company called Southern Air Transport in the shipment of arms to Nicaraguan rebels. Mr. Meese has since said that Admiral Poindexter justified this request by saying that Southern Air personnel were involved in the arms-for-hostages deal, which was at a sensitive juncture.

Mr. Meese's knowledge of the Iranian initiative went back at least as far as Dec. 7, 1985, when he attended a high-level White House meeting with the president before a meeting in London between U.S. and Iranian representatives. On Jan. 7, 1986, and again on Jan. 16, he was involved in discussions with Mr. Reagan and others concerning a new presidential authorization for CIA involvement in the arms sales — one that was signed on Jan. 17.

On Aug. 5, 1986, Mr. Meese assured the FBI director at the time, William H. Webster, who had just learned of the arms deals, that they were authorized.

In September Mr. Meese authorized electronic surveillance in Washington of visiting Iranian officials who were part of a new channel into the Tehran government with whom Colonel North and others were attempting to open negotiations.

The Iran initiative became public in the first week in November, presenting the Reagan administration with a series of rapid disclosures, each of which threatened to expose new elements of the previously clandestine operation. Within a few weeks, Mr. Reagan was forced to back down on public assertions that the stories had "no foundation," that no "third countries" were involved and that the main purpose was to open a dialogue with Iranian "moderates."

Although the administration said that concern for the lives of the remaining hostages prompted its reluctance to reveal the entire story, testimony and documents have since shown that another fundamental interest was to conceal the president's role in the questionable 1985 transactions.

On Nov. 17, the CIA and the National Security Council provided Mr. Cooper with generally accurate chronologies of the Iran initiatives, including accurate descriptions of the 1985 Israeli arms transfers. Yet Mr. Meese, who was briefed regularly by Mr. Cooper, attended a meeting on Nov. 20 at which Colonel North, the CIA director at the time, William J. Casey, and Admiral Poindexter agreed on a cover story — to tell Congress that they did not learn until much later that the Israelis had sent U.S. Hawk missiles to Iran in November 1985.

EC: *North-South Split*

(Continued from Page 1)

for putting aside, for the moment, any decisions on the two main money-saving measures proposed for this year's farm-spending package. Farm ministers are deadlocked over the two measures.

One is a new tax on vegetable oils and fats, and the other would eliminate currency supports for farmers. West Germany is dead set against the latter measure, which would hurt primarily German farmers, who benefit enormously from the currency supports.

On the oils and fats tax, Britain, the Netherlands, Denmark and West Germany are flatly opposed. They contend that it could provoke a damaging trade war with the United States.

The southern countries, though, support the tax and the elimination of currency supports. They are also deeply disappointed that Prime Minister Wilfried Martens of Belgium, who toured EC capitals last week, has toned down the original Delors package.

The Belgian approach has thus reopened the north-south cleavage in the EC.

In general, the poorer southern nations support increased payments to the EC's coffers and greater development aid, while the wealthier northern countries emphasize budgetary rigor and the lifting of barriers to free trade.

The Italian foreign minister, Giulio Andreotti, told reporters that the Belgian paper should be thrown out, while the Spanish foreign minister, Francisco Fernández Ordóñez, reportedly accused the Belgian leadership of caving in to pressure from the EC's wealthier members.

On the other hand, Britain and West Germany appeared relatively satisfied with the Belgian plan. Sir Geoffrey Howe, the British foreign secretary, reportedly told his colleagues that the way to help the poorer EC regions is to work toward the barrier-free internal market.

"The internal market is a major engine of cohesion," he said.

Belgium, meanwhile, was unable over the weekend to resolve a dispute between Britain and Spain over Gibraltar that has blocked a landmark accord on cheaper West European air fares. Madrid, which claims sovereignty over the British colony at the tip of southern Spain, insists that Gibraltar's small airport be excluded from the deal on liberalizing air transport in the community.

DRUGS: *Abuse Up in Asia*

(Continued from Page 1)

abuse in Asia was affecting mainly young people, aggravating poverty, adversely affecting attitudes toward work and weakening national security.

It said that heroin smuggling, from Sri Lanka to Europe, was one of the main means used by the Tamil insurgents to finance their rebellion against the government.

The study said the three countries most heavily afflicted by heroin addiction — Pakistan, Thailand, and Burma — had a common characteristic in that they were big producers of opium, from which heroin is refined, while both Thailand and Pakistan were major trafficking routes.

"Therefore, there is in each case an abundant supply of opiates," the study said.

The survey recommended that the United States fund a narcotics education project in Asian countries that would cost $5.5 million over five years. The U.S. government has earmarked more than $20.5 million for drug-related activities in Asia in fiscal year 1987. But most of this money will be spent on programs to eradicate opium and marijuana cultivation in Burma, Pakistan and Thailand.

Son of a Mafia Victim Is Murdered in Sicily

The Associated Press

PORTO EMPEDOCLE, Sicily — The 16-year-old son of a man who was killed in September in a Mafia execution was shot and killed as he walked with his girlfriend here, Italian newspapers reported Sunday.

The son, Gerlando Mallia, was the only male member of his family to stay in Porto Empedocle after his father, Giovanni Mallia, and four other persons were killed Sept. 21, the Rome daily Il Messaggero reported. Relatives apparently believed he was too young to be a target in what police say is a war between Mafia clans

KOREA: *New Concessions Hinted*

(Continued from Page 1)

"just as the Koreans have performed an economic miracle, at least there is a fair chance that they'll be able to perform a political miracle."]

An estimated 500 students demonstrated Saturday near East Gate in Seoul; police used tear gas to disperse them. Several hundred others fought police near the main rail station.

In Kwangju, police clashed with about 2,000 students Saturday night, firing tear gas canisters on a main avenue of the city. The students battled with rocks, and students atop three office buildings lobbed firebombs toward police.

Minor protests were reported in a half-dozen other cities.

Police said they had continued to hold about 800 of more than 3,460 people detained nationwide during the Friday protests.

Meanwhile, prosecutors asked for sentences of up to 15 years for five policemen charged in the torture and death of a student in January.

Public outrage over the death is believed to be one reason why antigovernment demonstrations have continued with such force.

When the sentencing requests were announced, according to witnesses, a group of about 100 people, including the student's parents, broke chairs and threw eggs in the courtroom, shouting that the sentences were "too light for murderers."

In Washington on Friday, the Senate added its voice to Reagan administration pressure on the government of South Korea to renew negotiations with the opposition to get a peaceful transition to full democracy.

The nonbinding resolution was unanimously approved, 74-0, during a rare Saturday session to take up a 1,000-page trade bill.

The bill's main sponsor, Senator Dennis DeConcini, Democrat of Arizona, said it would likely keep the Senate from adopting a more restrictive amendment being proposed by Senators Edward M. Kennedy, Democrat of Massachusetts, and Barbara A. Mikulski, Democrat of Maryland.

Their bill would take special trade preferences away from South Korea if it failed to make a peaceful transition to a freely elected government.

Beijing Reports Praise by Carter

Agence France-Presse

BEIJING — Former President Jimmy Carter, traveling Sunday from Tibet to Beijing, was quoted by the official Xinhua news agency as saying that freedom of religion was flourishing in the Chinese-controlled autonomous region.

Mr. Carter, who arrived in the capital Sunday, was scheduled to meet on Monday with Deng Xiaoping, the Chinese leader.

According to Xinhua, Mr. Carter said that what he had seen in Tibet would change the view of Congress, which passed amendments to a budget bill June 18 criticizing the Chinese "occupation" of Tibet in 1951, human rights violations and the "immigration of millions of Chinese onto the Tibetan plateau."

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London. Tel.: 01-623-1277.
Prices may vary according to market conditions and other factors.

June 26

Dollar Straights

Australasia

Issuer	Cpn	Mat	Price	Yld Mat	Spd Trsy
Aust Com Bk	12¾	89	108¼	8.28	+50
Aust Com Bk	10	93	104⅞	8.94	+69
Australia	11	95	109⅞	9.18	+83
Australia	11½	95	112¾	9.22	+85
Australia	11¼	00	110¼	9.81	+117
N S Wales Trsy	11¾	90	107⅝	8.57	+70
New Zealand	7¼	89	98¼	8.20	+45
New Zealand	7¾	90	98¾	8.39	+49
New Zealand	7½	91	96⅛	8.63	+59
New Zealand	7⅝	91	96⅛	8.71	+66
New Zealand	8	93	95⅝	8.98	+78
New Zealand	8¼	93	96½	9.04	+87

Issuer	Cpn	Mat	Price	Yld Mat	Spd Trsy
Dai-Ichi	10⅝	90	104⅝	8.57	+67
Dai-Ichi	12¼	90	110	8.59	+65
Dai-Ichi	8⅛	91	98¼	8.47	+67
Daiwa	7⅞	93	93¼	9.29	+103
Dkb Asia	8⅛	91	98	8.72	+70
Dkb Asia	8	93	95	9.04	+83
Fuji B & T	7⅝	91	95⅞	8.79	+75
Fuji Intl	10⅞	90	105⅝	8.46	+58
Ind Bk Jap	7⅝	92	95	8.74	+69
Ind Bk Jap	8	93	95⅝	8.96	+75
Jap Airl	8⅛	96	94½	9.00	+58
L T C B	10⅝	90	105⅝	8.40	+59
L T C B	11	90	106	8.39	+63
L T C B	8	91	97½	8.74	+71
L T C B	7⅝	93	94⅝	9.07	+87
L T C B	8	93	95⅝	9.04	+86
L T C B	8	96	93⅛	9.13	+71
L T C B	8	97	93	9.12	+69
Metro Tokyo	8¼	96	95⅛	9.03	+61

Issuer	Cpn	Mat	Price	Yld Mat	Spd Trsy
I A D B	12¾	91	114⅝	8.61	+57
I A D B	9⅝	95	104⅝	9.05	+67
I A D B	10⅝	95	107⅞	9.08	+72
I A D B	7⅝	96	91	9.10	+69
World Bk	11⅛	89	105⅞	7.73	+27
World Bk	10⅝	90	106⅝	8.05	+23
World Bk	11¼	90	108⅝	8.13	+19
World Bk	11½	90	109	8.08	+16
World Bk Jan	7	92	94⅞	8.38	+32
World Bk	11	92	109⅝	8.36	+30
World Bk	10⅝	93	110⅛	8.54	+38
World Bk	12	93	115½	8.72	+49
World Bk	12¼	94	117⅛	8.89	+57
World Bk	12⅝	94	120⅝	8.90	+58
World Bk	10⅝	95	106⅞	8.91	+55
World Bk	7¼	97	92⅝	8.88	+45
World Bk	8½	16	89⅝	9.60	+100
World Bk	9¼	16	95⅞	9.67	+107
World Bk	9⅝	16	100	9.74	+114

Western Europe (Other)

Issuer	Cpn	Mat	Price	Yld Mat	Spd Trsy
Austr Contr	10⅝	90	106¼	8.27	+37
Austr Contr	10	91	105¼	8.31	+30
Austria	13⅝	92	119⅝	8.68	+59
Austria	11¼	95	111⅝	9.04	+71
Austria	7⅝	97	92½	8.95	+50
Deut Bank	8	98	95	8.72	+24
Deut Bk Fin	9⅝	96	102⅝	8.87	+57
Dsl Bank	7½	96	89¾	9.30	+94
Dsl Bank	8⅛	96	92⅝	9.32	+91
Hoechst Tr.A	7⅝	92	96¼	8.35	+28
Hoechst Tr.B	7⅝	94	95	8.88	+59
Hoechst Tr.C	8¼	97	96¼	8.83	+40
K F W	7½	94	93½	8.85	+56
Mercedes-Benz	8¼	92	99⅝	8.34	+25
Mercedes	7¼	93	94⅝	8.32	+6
Mercedes	7½	93	96½	8.25	+3

DM Straights

Issuer	Cpn	Mat	Price	Yld Mat	Cur Yld
Austria	5⅞	92	107.00	6.65	7.88
Austria	5⅝	93	100.65	5.23	5.34
Austria	8	93	107.15	6.52	7.47
Austria	7⅝	94	105.75	6.53	7.21
Austria	5⅞	97	95.75	6.47	6.14
Austria	6	98	96.00	6.52	6.25
Austria	6¼	02	93.55	6.96	6.68
B F C E	9¼	89	108.50	4.84	8.53
B F C E	8¼	90	109.25	4.86	7.55
B F C E Sep	8⅛	94	110.00	6.34	7.39
B F C E	6½	95	102.02	6.17	6.37
B F C E	6⅛	97	98.25	6.37	6.23
B M W	5¼	96	92.65	6.36	5.67
Bank of Greece	5⅝	92	99.00	5.79	5.81

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Prices and yields are all on a bid basis.
Pp: private placement.
W/w: with warrants.
X/w: ex warrants.

Chicago Exchange Options

Figures as of close of trading Friday.

June 26

Euromarts At a Glance

Eurobond Yields

	June 24	June 17
U.S. $ int'l inst., 8 yrs & over	8.94	9.01
public issuers, 8 yrs & over	8.94	9.01
other issuers, 8 yrs & over	9.08	9.11
other issuers, 5 to 7 yrs	8.97	9.06
Pounds sterling, 5 to 7 yrs	9.40	9.45
French francs, less than 5 yrs	9.76	9.52
ECU, 8 yrs & over	8.48	8.53
5 to 7 yrs	8.17	7.96
Can. $, 5 to 7 yrs	10.08	10.07
Aus. $, 5 to 7 yrs	13.58	13.46
N.Z. $, less than 5 yrs	17.44	17.45
Yen, 8 yrs & over	5.57	5.54
5 to 7 yrs	4.96	4.67

Source: Luxembourg Stock Exchange.

Weekly Sales

June 26

Primary Market

	Cedel $	Cedel Nom	Euroclear $	Euroclear Nom
Straights	849.20	546.70	2,728.20	1,642.80
Convert.	28.70	102.40	203.80	478.70
FRNs	—	—	—	—
ECP	780.00	18.00	3,363.40	214.70
Total	1,647.90	667.10	6,286.70	2,336.20

Secondary Market

	Cedel $	Cedel Nom	Euroclear $	Euroclear Nom
Straights	9,576.20	9,123.80	17,929.00	10,227.30
Convert.	447.10	613.90	1,581.20	1,818.70
FRNs	2,419.10	1,175.20	12,114.70	2,342.4
ECP	1,582.80	78.40	3,457.20	101.40
Total	14,025.20	10,983.30	35,082.20	14,489.20

Source: Euroclear, Cedel.

Libor Rates

June 26

	1-month	3-month	6-month
U.S. $	7⅛	7⅛	7 3/16
Deutsche mark	3⅝	3⅝	3⅝
Pound sterling	9 1/16	9 3/16	9¼
French franc	8 3/16	8 7/16	8 11/16
ECU	6⅝	6 13/16	n.a.
Yen	4	4	4 1/16

Source: Morgan Guaranty, Lloyds Bank, Reuters.

U.S. Treasury Bonds

June 26

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
31.3.89	99 22/32	99 24/32	7.51	7.42
15.2.90	100 8/32	100 10/32	7.75	7.65
31.3.91	99 26/32	99 28/32	7.92	7.80
15.5.92	100 31/32	101	8.00	7.89
15.4.94	98 30/32	98 31/32	8.21	8.14
15.11.96	101 1/32	101 3/32	8.33	8.29
15.2.06	106 16/32	106 18/32	8.48	8.59
15.11.16	102 26/32	102 27/32	8.48	8.45

Source: Salomon Inc.

Wall Street Review

NYSE Most Actives

AMEX Most Actives

NYSE Diaries

AMEX Diaries

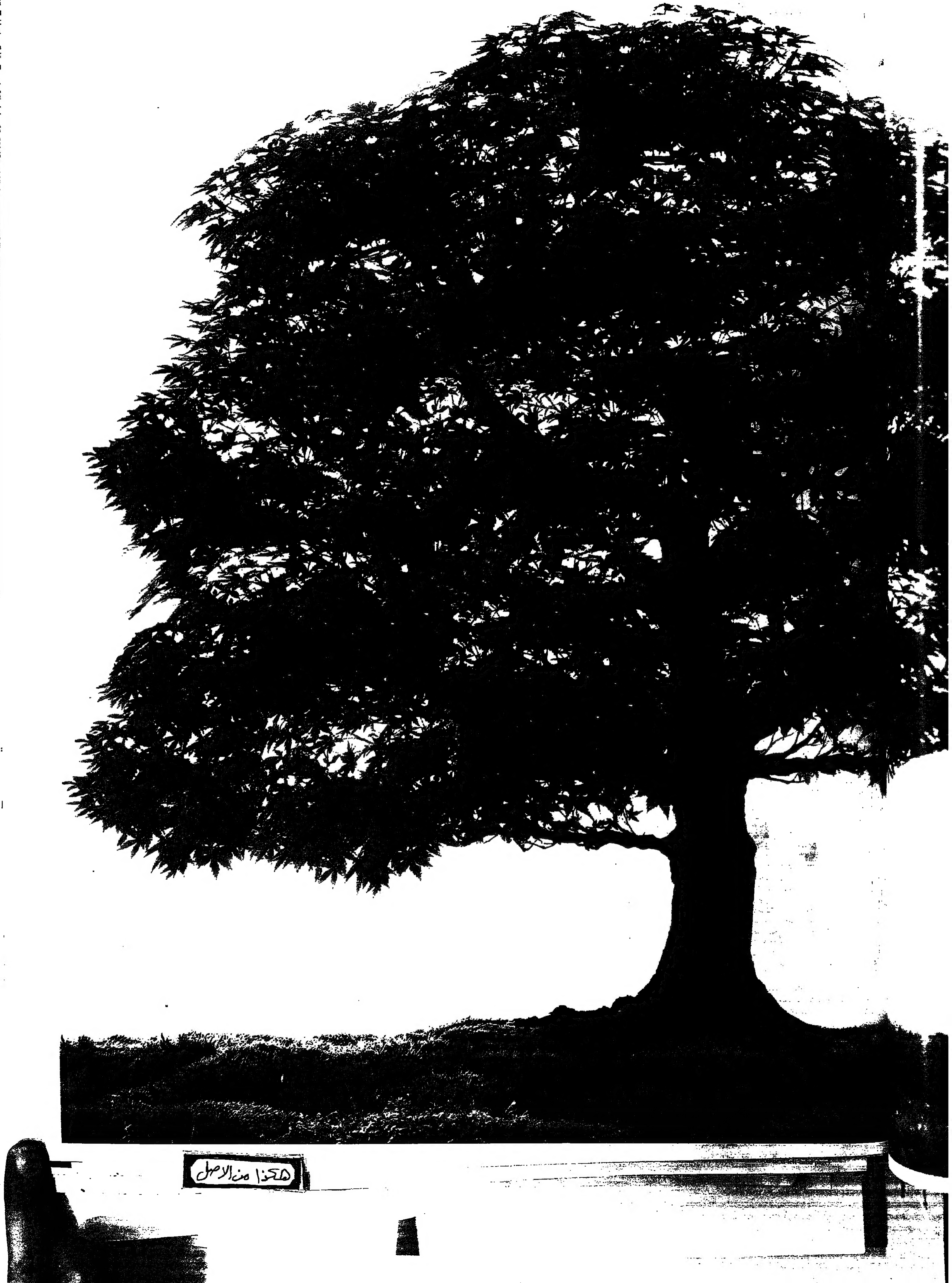
NYSE Sales

	Sales Vol.
Total for week	850,220,000
Week ago	888,490,000
Year ago	684,048,000
Two years ago	517,800,000
Jan 1 to date	22,126,754,408
1986 to date	17,424,840,000
1985 to date	13,640,350,000

AMEX Sales

	Sales Vol.
Total for week	65,918,000
Week ago	73,710,000
Year ago	43,170,000
Jan 1 to date	1,728,288,000
1986 to date	1,627,839,000

هكذا من الأصل



هكذا من الاصل

THEN WE LET NATURE TAKE ITS COURSE.

In 1919 Fredrik R. Bull started with the seed of a good idea. To produce a more efficient statistics processing tabulator.

Nearly seventy years later Groupe BULL is in the same business of data processing and communications. Though of course, the business now is light years away in terms of sophistication, innovation, application and breadth.

BULL is now an international business, operating in 75 countries with 26,800 employees (without counting Honeywell Bull Inc.). And it is the second largest sales network in the world.

This remarkable success hasn't happened just by accident. It has taken careful nurturing.

In particular the last three years leading up to the recent agreement with Honeywell and NEC have proved the most fruitful.

We knew then that we had a unique opportunity. We could provide the market with a genuine alternative source for all their data processing and communication needs.

But to do this we needed support. It was then that we hit on the solution. A very simple formula.

BULL AND ITS CUSTOMERS A WINNING TEAM.

By working with our customers on their individual problems, together we could not only produce adequate solutions, but also we would benefit from having a deeper understanding of the market needs.

So the first objective was for BULL to become flexible enough to be able to respond effectively to the individual needs in an international market.

To achieve this we decided to develop intercommunicating systems that were not only adaptable in the extreme, but that respected our customers' freedom. In other words, systems that would allow any individual workstation to plug directly into other data processing, telematic or office automation services on the system.

Everything that we have done for years in terms of development has been done in line with this strategy.

CUSTOMERS' FREEDOM.

The competitiveness of a company today depends on the quality of its people and the uses made of its capital of information. By developing systems that can communicate more freely with each other, BULL brings its customers a more efficient circulation, but also interaction, with their total capital of information.

For BULL's customers, this greater freedom to communicate means a greater freedom to choose, to combine and, ultimately, to grow.

Freedom to choose among large and medium systems, among scientific and industrial minicomputers, among distributed data processing and office automation systems, among professional micro computers.

Freedom to combine, allowing BULL's products and systems to be integrated into existing structures, even those made with material from other manufacturers.

Freedom to grow, because BULL is dedicated to adapting itself and its solutions to the evolution and growth of its customers.

THE TREE OF COMMUNICATION.

To symbolize BULL's commitment to communication, growth and flexibility, the tree was a natural choice. Constantly evolving, with its roots in solid ground and its branches reaching for the sky, the tree is present throughout the world, in as many shapes and sizes as there are businesses and organizations.

Small trees, like small systems, need to be nurtured in order to grow. And as they grow, circulation, be it of information or of life-giving sap, is of the utmost importance.

To do this, the tree must draw on all the resources in its environment. The larger the tree – or the system – grows, the more it must communicate, interact and exchange, across time and across space.

This growth happens naturally, but not always predictably, and it is BULL's strength to have understood that companies need the freedom to expand in a way that is germane to their specific concerns and needs.

HONEYWELL BULL INC.: A NEW DIMENSION.

Growing out of our eventual aim to put Groupe BULL at the forefront of the world computer market by 1990 was our agreement with Honeywell and NEC to form Honeywell BULL Inc.

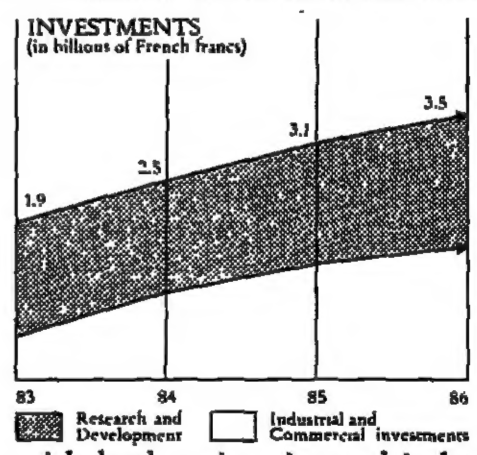
This not only gives us the complete spectrum of computer hardware and software we need for the benefit of our customers. But it will also add considerably to our detailed understanding of the global market, and give us a worldwide presence and size to face market requirements.

For Groupe BULL, control of Honeywell BULL Inc. is furthermore an outstanding opportunity to complete its European presence and gain access to the US market by benefiting from the close ties established between BULL's teams and those of Honeywell over the past 17 years.

In light of this agreement, the expansion of cooperation with the Japanese group NEC is in keeping with BULL's strategy of alliances in which it is presently engaged with European industrialists.

PREPARING THE GROUND FOR FUTURE GROWTH.

Heavy commitment to a continuing program of research has to be at the root of all our future developments.



Our program is as deep as it is broad to give us the strongest of foundations. And it is carried out in line with our strategy of cooperation in partnership with both university and industrial laboratories.

So, for instance, in conjunction with other major European computer companies, we are exploring the area of artificial intelligence and the products that can be developed from it.

We are involved with our customers to help them improve the efficiency of the software they have developed themselves.

We are part of a consortium that has developed the software now adopted by the European Esprit program.

In fact, on the Esprit program alone, we are participating in over thirty projects with more than a hundred different partners in industry and the universities.

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EUROBONDS

2d Quarter Volume Falls On Currency Volatility

By CARL GEWIRTZ
International Herald Tribune

PARIS — Activity in the Eurobond market slowed markedly during the second quarter, partly reflecting this year's turbulence in the foreign-exchange markets. Volume fell to $35.9 billion, down 22 percent from the pace set in the opening three months of the year. The drop, according to figures supplied by Salomon Brothers Inc., was registered in all currency sectors except Australian and New Zealand dollars — popular instruments thanks to their high double-digit coupons.

Both the U.S. dollar and the Deutsche mark suffered nearly equal $3 billion declines in the volume of new issues. For the dollar sector, this represented a drop of 17.5 percent while for the smaller DM market it was a reduction of 54 percent.

Slower world growth is cutting demand for borrowed funds to finance investment.

Euroyen bonds, down a scant 3 percent, were firmly established as the market's second most-popular currency behind the dollar. The yen, which only last year emerged as a challenger to the mark, has now far outdistanced that currency.

For the first six months of this year, new issues totaled $82.3 billion. Bonds denominated in yen totaled $16.4 billion compared to $8.7 billion equivalent in DM. This doubled the yen's share of total business from last year to 20 percent, well over the mark's virtually unchanged 9.8 percent. The yen is now closing in on the dollar's 37 percent share — hardly changed from the record low set in the first quarter.

As the figures indicate, the volatile exchange rate environment pushing the value of the dollar down during the first six months does not fully explain this year's developments; the yen gained market share despite the nearly equal appreciation of the yen and the mark against the dollar.

Nevertheless, the unrest in the foreign exchange market and the reasons behind it are affecting the international capital market: They are contributing factors to the slowing pace of world economic growth and the reduced demand for borrowed funds to finance new investments.

ANOTHER element accounting for the slowdown in the market's activity is the reduction in prepayments of existing debt. Over the past years, a substantial amount of activity has been generated by such prepayments, where borrowers issued new debt bearing lower coupons. Early repayments are estimated to have accounted for some 20 percent of last year's activity.

But that trend may now be winding down. In part this is due to the full percentage-point rise in coupon rates on Eurodollar bonds since the start of this year following the rise in interest rates traceable to the dollar's weakness. Also, the highest-coupon debt has already been replaced.

While this may explain the reluctance of issuers to tap the market, investors have also been showing signs of fatigue. Since late 1984, the Eurobond market has registered a quarterly volume of new issues that up to then had been set annually.

That binge to buy bonds appears to be over. Many investment managers consider their portfolios to be overweighted in bonds and underweighted in stocks. In addition, there is considerable fear that the next big move in interest rates will be up rather than down — further reducing the appeal of bonds, whose prices fall as interest rates rise.

Equally important, the credibility of the Eurobond market suffered incalculable damage after the collapse of trading in perpetual floating-rate notes and the subsequent impaired trading of ordinary floaters. These were exceptionally liquid markets where big volumes were traded at very thin spreads, with 10 basis points, or 0.10 percent, separating bid and offered prices.

With the liquidity in FRNs evaporating as fast as it did, evidenced by the widening of spreads, investors legitimately question the durability of other sectors. As a result, they have since shown a preference for the greater safety of domestic government bond markets where two-way business is always maintained.

The collapse of the FRN market has also skewed the quarterly statistics, exaggerating the dollar's fall from favor.

Since 1984, floaters have accounted for the largest amount of new issues denominated in dollars — outstripping so-called straight bonds bearing a coupon fixed for the life of the issue.

The demand for floating-rate dollar debt — mostly from banks — has not disappeared just because the market died. Banks continue to raise floating-rate money, but now it's done through swaps: selling fixed-coupon bonds in Australian dollars, for example, and swapping the proceeds for floating-rate U.S. dollars.

This is achieved through the sophisticated exploitation of anomalies between markets and between creditors, as well as

See EUROBONDS, Page 9

'Golden Parachutes' Are Billowing Widely


Robert M. Fomon
Retired after scandal.


UPI
Thomas H. Wyman
Generous payment.


NYT
Michel C. Bergerac
Got $35 million.


NYT
William M. Agee
One of the first.

By Cindy Skrzycki
Washington Post Service

WASHINGTON — In the end, it seemed as if Richard J. Ferris, chairman of Allegis Corp., could not do anything right. But when the day came for his ouster from the company he had been with for 17 years, he floated quietly away, his "golden parachute" unfurled — all $3 million worth.

It was not a reward for outstanding performance. In the last few months it had become clear that Mr. Ferris had big problems. But the payment to him was far from unique. Today it is common practice for top executives in biggest and best-known U.S. corporations to fall from grace cushioned by the type of generous severance payment that has come to be known as a golden parachute.

From the former Bendix chairman William M. Agee, who snared one of the first highly publicized parachutes in 1983, to Jim and Tammy Bakker, who requested a rich severance package when they were ousted from their television ministry, it seems no one likes to leave empty-handed.

"A lot of golden parachutes are rewards for leaving, and they are way out of line with individual worth or contributions to the company, particularly where a chief executive officer has mismanaged the company over time," said Peter G. Scotese, a director of Springs Industries of Fort Mill, South Carolina, who is a member of a number of corporate boards.

Not so, say defenders of parachute payments.

"They are very important and very justifiable," said Gilbert Dwyer, president of Gilbert Dwyer & Co., a New York executive recruiting and counseling firm. Mr. Dwyer said that in the event of a raid on the company, the parachutes free senior executives to concentrate on negotiating the best deal for the shareholders instead of themselves.

Companies that provide parachutes for their executives also say the payments are a recruiting tool in the topsy-turvy world of mergers and acquisitions. Management consultants estimate it can take six months to a year for managers at top levels to find jobs, prompting candidates for high-level positions to look for companies that offer some sort of protection in the event of a takeover or other change.

In the merger fever of the last few years, some of the most secure jobs at U.S. corporations have been eliminated. In response, companies that find themselves in a takeover battle often rush to make sure

See PARACHUTES, Page 10

Novel Approach To Debt Crisis Uses U.S. Bonds

By Carl Gewirtz
International Herald Tribune

PARIS — A small, nearly bankrupt Mexican company, overwhelmed by its foreign debt, has apparently found a way to lift its crippling burden while assuring that commercial banks will be fully repaid. Many experts believe the novel approach could open the way to resolving the world debt crisis.

In a nutshell, the plan proposes that debtors buy U.S. Treasury bonds available at a fraction of their face value and maturing in more than 20 years. These would be exchanged with commercial banks to cancel the debtor's original loan.

This approach means that existing bank loans will be repaid much later than lenders had originally thought. But it also means that lenders have the full faith and credit of the U.S. government that they will be repaid.

The approach is especially appealing, experts say, because it could also serve to defuse other equally damaging threats to the world economy. Large purchases of U.S. government bonds would assure the continued financing of the enormous U.S. budget deficit; without such inflows, U.S. interest rates would need to rise to attract investors, further slowing economic growth throughout the world.

At the same time, if Japan and West Germany loaned the debtors the money to buy the bonds, the huge current-account surpluses of those countries would be recycled, dampening protectionist friction and leading to a more stable foreign exchange market.

While Japan has already made a general promise to loan $20 billion to developing countries, it is not clear how West Germany would react to this specific plan.

The mechanics of this solution — known to bankers' as "defeasance" — have been discussed since the debt crisis erupted in mid-1982, but the solution has only just been applied.

Proponents believe that variations of the technique could be applied to a broad range of corporate debt restructurings and public sector refinancings as well.

The plan, in this initial attempt, will work like this:

Arrendadora Atlas, a Mexican

See DEBT, Page 9

OECD Says Aid to Developing Countries Is Slowing

Compiled by Our Staff From Dispatches

PARIS — Growth in the amount of official aid flowing from the industrial to the developing world is slowing, the Organization for Economic Cooperation and Development said Sunday.

In its annual review of aid policy among its 24 member countries, the Paris-based organization said official development assistance rose only 2.5 percent in 1986 compared with a 3.6-percent average over the past five years.

In the next few years, the OECD secretariat expects the growth rate in official aid to slip further to an average of 2 percent, according to the chairman of the Development Aid Committee, Joseph Wheeler.

In its report, the committee said the total of $37 billion given in 1986 was a record, but it noted that most of the 26 percent increase over 1985 aid was due to currency fluctuations and inflation.

On average, aid programs of the committee nations represented 0.36 percent of gross national product in 1986. Gross national product measures the total value of goods and services a country produces.

The $37 billion in 1986 was a record, but most of the 26 percent increase over 1985 was due to currency fluctuation and inflation.

— *The Development Aid Committee*

Italy was singled out for its spectacular 18-percent increase in official aid, which was largely due to a boost in contributions to multilateral organizations. The report said Italy's official aid had risen to 0.40 percent of gross national product from 0.31 percent, and Italy now is ranked as the fifth largest of the committee's donor nations.

Scandinavian countries and the Netherlands continued to lead the field with aid ratios more than double the committee average.

The OECD noted favorably such nations as Norway, devoting 1.2 percent of gross national product to aid; The Netherlands, 1 percent, and Denmark, Sweden and France, more than 0.7 percent.

The volume of aid from Austria, Belgium, France and West Germany declined in 1986.

At the bottom of the scale, Austria's contributions fell sharply in 1986 to represent 0.21 percent of gross national product, compared with 0.38 percent in 1985.

The United States was the main supplier last year, with $9.78 billion, up 1.4 percent from the previous year, but the percentage of U.S. gross national product was only 0.24. In view of the large budget deficit and the law requiring cuts in the deficit, U.S. aid might decline further.

The share of government financing in total resources rose from 35.5 percent in 1980 to 59.5 percent in 1985 and 66.8 percent last year. This reflects the decline of private financing due primarily to commercial banks, which supplied the developing countries with only $5 billion last year against $13.5 billion the previous year.

As to countries outside the committee, the OECD pointed to a rise in aid from the Organization of Petroleum Exporting Countries from $3.6 billion in 1985 to $4.54 billion last year. This represents 0.94 percent of gross national product, against 0.65 in 1985. Saudi Arabia provided the lion's share.

The estimates show that aid from Communist countries grew by 20 percent in current dollar terms last year, primarily because of higher Soviet aid to Cuba, Mongolia and Vietnam. Soviet development assistance was estimated at $4.2 billion.

(Reuters, AFP)

Debt Problem Is Seen Creating 'Junk Bonds'

United Press International

NEW YORK — Third World debt is set to become the world's next junk bond market, said Michael R. Milken, the architect of the risky, high-yielding instrument.

"The opportunities are enormous," said the senior vice president at Drexel Burnham Lambert & Co.

The investigation of Drexel by U.S. regulators for its takeover practices has included its junk bond operations, sources say.

"This is a trillion-dollar market," he told Forbes magazine, as more than 10 countries have loans "you can buy for 20 cents on the dollar or less."

Volcker Backs Tax Boost In '88 to Reduce Deficit

Reuters

BEAVER CREEK, Colorado — Federal Reserve Board Chairman Paul A. Volcker said over the weekend that a 1988 tax increase would be healthy for the U.S. economy, clearly stating his differences with President Ronald Reagan on the subject.

"I think that would have a wholly constructive influence" on the security of the financial outlook and on trade, said the Fed chief, who is stepping down in August when his second term expires. "I think it would help business abroad."

A tax increase in the budget, he told reporters in response to a question, would produce "a further significant decline in the deficit next year, following up on what will be a significant decline this year."

Mr. Volcker, who will be replaced by Alan Greenspan, an economist, was in Colorado attending the sixth annual World Forum, a gathering of government and business leaders to discuss economic and foreign policy.

The budget blueprint just approved by Congress calls for $19.3 billion in new taxes for the government's 1988 fiscal year beginning Oct. 1.

Mr. Reagan has vowed to veto any tax increase. His budget plan would raise $22 billion in new federal revenues next year, primarily from the sale of federal assets and with fees on some federal services.


WP
Paul A. Volcker

The deficit is expected to reach $175 billion during the current year, down from the $221 billion deficit in fiscal 1986, but still far higher than annual deficits of less than $50 billion before Mr. Reagan took office in 1981.

Machine Tool Orders Rebound in U.S.

New York Times Service

WASHINGTON — New orders for American-made machine tools rebounded significantly in May, jumping 44.4 percent over April to $188.1 million, according to a report for release Monday by the National Machine Tool Builders Association.

However, the May figure was off 8.8 percent from a year ago, and analysts said this continued to reflect a slump in the industry brought on by competition from abroad.

"I don't see May as a spectacular month at all," said Christine Chien, an analyst at Prudential-Bache Securities. "It's just that it's better than April, which was disgustingly low."

Andrew J. Silver, an analyst at Donaldson, Lufkin & Jenrette, said the May figures represented the strongest monthly rate increase since June 1986.

"It's a sign that the economy is strengthening," he said, cautioning, however, that one month of an increase doesn't make a trend.

The increase was also attributed to added interest from the automotive industry.

Analysts expect imports to decline further because under voluntary agreements, companies in Japan and Taiwan have already used up most of the 1987 quota of tools they can send to the United States.

In the new figures, the tool builders association reported that April orders were worth a revised $130.3 million. Last month, the association had reported the April orders at $129.9 million.

The group said shipments of machine tools rose 21 percent in May from April, to $208.6 million, but were off 9.1 percent from May 1986.

Hutton Official on Leave in Laundering Case

Compiled by Our Staff From Dispatches

NEW YORK — E. F. Hutton & Co. said a senior executive has taken a leave of absence pending a review of his role in several international transactions in which Hutton received and transferred millions of dollars for a Swiss citizen who was reportedly laundering money for narcotics dealers.

The company said Friday that Arnold Phelan, an executive vice president who heads the firm's futures division, would be on leave until the review is completed.

Neither Mr. Phelan nor the company has been charged.

The Justice Department complained, however, that in 1982 Hutton informed the Swiss citizen, Franco Della Torre, that a subpoena had been received seeking his records after Hutton had been asked by the government to keep it a secret. When Mr. Della Torre was told, he withdrew his funds and closed his account.

Mr. Phelan's name was mentioned when the reported laundering scheme was discussed at a public hearing in June.

(NYT, Reuters)

Currency Rates

Cross Rates

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.055	3.3179	112.55 *	33.73 *	0.1553 *	—	5.427 *	135.76 *	140.46 y
Brussels(a)	37.875	61.14	20.7316	6.215	2.8605 *	18.4258	—	25.0105	25.9125 *
Frankfurt	1.8257	2.947	—	29.975 *	1.3805 x	88.865 *	4.835 *	[illegible] *	1.3485 *
London (b)	1.611	—	2.9413	9.819	2,132.00	3.3120	61.026	2.4403	226.559
Milan	1,322.70	2,136.80	724.50	217.21	—	644.13	34.96	874.82	9.06
New York(c)	—	0.6207 ¤	1.827	6.0965	1,324.80	2.0555	37.87	1.5156	146.35
Paris	6.09	9.84	3.3348	—	4.6835 x	2.9648	[illegible] *	4.025	4.144 *
Tokyo	146.30	236.20	79.97	22.98	11.08 *	71.14	386.22 *	96.44	—
Zurich	1.512	2.4413	82.85 *	24.865 *	0.1144 *	73.445 *	4.0007 *	—	1.036 *
1 ECU	1.1362	0.7024	2.0720	6.9161	1,502.87	2.3334	42.9944	1.72	165.907
1 SDR	1.2809	0.7934	2.3385	7.8006	1,693.94	2.6322	48.5137	1.9393	186.982

Closings in London and Zurich, fixings in other European centers. New York rates at 4 P.M.
(a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available.
(¤) To buy one pound: $U.S.1.611

Other Dollar Values

Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$
Argen. austral	1.784	Fin. markka	4.436	Mex. peso	1,338.00	S. Kor. won	810.20
Austral. $	1.3967	Greek drac.	136.95	N. Zealand $	1.7015	Soviet ruble	0.6389
Austr. schil.	12.85	Hong Kong $	7.808	Nig. naira	3.7001	Span. peseta	126.30
Belg. fin. fr.	37.98	Indian rupee	12.78	Norw. krone	6.6825	Swed. krona	6.3645
Brazil cruz.	42.47	Indo. rupiah	1,645.25	Phil. peso	20.00	Taiwan $	31.08
Canadian $	1.3306	Irish £	0.6799	Port. escudo	142.40	Thai baht	25.795
Chinese yuan	3.7221	Israeli shek.	1.60	Saudi riyal	3.7504	Turkish lira	823.25
Danish krone	6.8595	Kuwaiti dinar	0.2822	Sing. $	2.1205	UAE dirham	3.6729
Egypt. pound	2.1877	Malay. ring.	2.5185	S. Afr. rand	2.0358	Venez. boliv.	28.00

£ Sterling: 1.0993 Irish £

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

	June 26	June 19	Ch'ge
United States			
DJ Indus.	2,436.86	2,420.85	+ 0.66 %
DJ Util.	207.22	205.55	+ 0.81 %
DJ Trans.	1,029.79	1,026.94	+ 0.28 %
S & P 100	302.24	300.43	+ 0.62 %
S & P 500	307.16	306.97	+ 0.06 %
S & P Ind	356.48	355.79	+ 0.19 %
NYSE Cp	172.67	172.57	+ 0.06 %
Britain			
FTSE 100	2,291.30	2,266.10	+ 1.11 %
FT 30	1,790.10	1,753.30	+ 2.13 %
Japan			
Nikkei 225	25,049.83	25,288.12	— 0.95 %
West Germany			
Commerzbk	1,891.60	1,858.40	+ 1.79 %
Hong Kong			
Hang Seng	3,138.68	3,165.64	— 0.86 %
World			
MSCIP	470.30	477.70	— 1.57 %

World index From Morgan Stanley Capital Int'l.

Money Rates

	June 26	June 19
United States		
Discount rate	5½	5½
Federal funds rate	6 11/16	6¾
Prime rate	8¼	8¼
Japan		
Discount	2½	2½
Call money	3½	3 1/16
3-month interbank	3¾	[illegible]
West Germany		
Lombard	5	5
Call money	3.60	3.35
3-month interbank	3.75	3.70
Britain		
Bank base rate	9	9
Call money	9⅛	9½
3-month interbank	9 3/16	8⅞

	June 26	June 19	Ch'ge
Dollar			
Bk Engl Index	102.20	102.20	Unch. %
Gold			
London p.m. fix.$	444.10	449.00	— 1.10 %

Japan Reported Ready to Make Loan to Poland

Reuters

TOKYO — The Japanese government Monday will approve a loan to Poland to help a Japanese automaker set up a major factory there, according to the financial daily, Nihon Keizai Shimbun.

It reported Friday that Prime Minister Yasuhiro Nakasone would tell the visiting Polish leader, Wojciech Jaruzelski, of the decision when they meet in Tokyo for two rounds of talks.

The approval reportedly would be conditional on agreement by the Paris Club of creditor nations. Japan and others have been withholding new credits from Poland since 1982.

Japan's Daihatsu Motor Co. and three trading houses — Mitsui, C. Itoh and Sumitomo Corp. — plan to export production facilities to Poland's state-owned automaker, FSO, to build the Charade automobile. Total cost of the project is estimated at about 100 billion yen ($683 million.)

NASDAQ National Market

OTC Consolidated trading for week ended Friday. June 26

			Sales in 100s	High	Low	Close	Net Ch'ge
A							
A&W Bd			793	13¼	12⅝	12¾	— ½
ABS	.80	4.0	179	20	19	20	+1
ACC Cp			106	2⅞	2⅝	2½	— ⅛
ADC			353	24	23	23	— ½
AEC	.32	2.5	382	13	12⅝	12¾	— ¼
AEL			656	14¾	14	14¼	— ¼
AEP			381	8⅝	8½	8⅞	
AIFS			136	6¾	5¾	6¼	+ ½
AIM Tel			1720	12¾	9¾	12½	+2½
ALC Cm			463	3⅛	3	3	— ⅛
AME			912	10¼	10	10	— ¼
ASK			6750	13½	12⅛	12¼	— ⅜
AST			3120	16⅞	14½	14¾	—1
ATI			932	10⅞	10⅜	10½	— ⅝
ATN			1600	7½	6½	7½	+ ⅝
AW A			180	3⅛	3	3	— ⅛
AarnBr			28	11⅛	10⅝	10⅝	
AarnRt	.10	.8	238	13¼	12	12	—1¼
AbingS			1006	16¼	13⅞	16	+1
AbeLinc			108	11¾	11	11¼	
[illegible]							

Mutual Funds

Figures as of close of trading Friday June 26

NEW YORK (AP) — The following quotations, supplied by the National Association of Securities Dealers, Inc. are the prices at which these securities could have been sold (Net Asset value) or bought (value plus sales charge) Friday.

	Bid	Ask
[illegible]		

American Exchange Options

Figures as of close of trading Friday. June 26

Option & price	Calls			Puts		
[illegible]						

(Continued on next left-hand page)

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New International Bond Issues

Compiled by Aimée Potter Hardoux

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NOTES						
CIVAS 2	$100	1992	0.17	100	—	Over 6-month Libor. Noncallable. Fees 0.10%. Denominations $100,000.
Tops Series V	$150	1992	0.15	100.10	—	Over 6-month Libor. Noncallable. Fees 0.15%. Denominations $250,000.
STAR 2	DM 300	1998	0.30	100.05	99.95	Over 6-month Libor. Callable at par in 1992. Fees 0.10%.
Brisa Auto-Estradas de Portugal	¥ 10,000	1992	0.60	100⅛	—	Below the Japanese prime lending rate, semiannually. Noncallable. Fees 0.55%. Denominations 10 million yen.
FIXED-COUPON						
Coca-Cola Enterprises	$100	1990	8¼	101¼	100.10	Noncallable. Fees 1⅜%.
Guangdong Int'l Trust & Investment	$ 50	1992	8½	100½	—	Noncallable. Fees 1⅜%.
Canon Europa	DM 100	1994	6⅛	99½	98.25	Noncallable. Fees 2¼%.
World Bank	DM 600	1997	6¼	99¾	98.35	Noncallable. Fees 1⅞%.
European Investment Bank	ITL 150,000	1994	10	100¾	98.75	Callable at 101½ in 1992. Fees 1⅞%.
Solvay Finance Bermuda	ECU 50	1995	7⅜	100	98.00	Noncallable. Fees 1⅞%.
World Bank	ECU 150	1994	7½	101½	98.88	Noncallable. Fees 1⅝%. Increased from 100 million ECUs.
Central Capital	C$ 75	1992	10⅛	101¼	98.63	Noncallable. Fees 1⅞%.
DKB Netherlands	C$ 100	1992	9½	100⅜	98.88	Noncallable. Fees 1⅞%.
Genossenschaftliche Zentralbank	C$ 100	1993	9¾	101¾	99.24	Noncallable. Increased from C$75 million. Fees 1⅞%.
Province of Saskatchewan	C$ 150	1990	9½	101½	99.63	Noncallable. Fees 1⅝%.
Régie des Télégraphes et des Téléphones	C$ 87	1990	9¾	101¼	99.75	Noncallable. Fees 1⅞%. Denominations C$150,000.
Alcoa	Aus$ 50	1990	14	101½	—	Noncallable. Fees 1½.
ASLK-CGER Finance	Aus$ 50	1990	14¼	101½	99.45	Noncallable. Fees 1⅝%.
Australian Industrial Development Corp.	Aus$ 50	1992	14	101⅜	99.75	Noncallable. Fees 2%.
Crédit Lyonnais Australia	Aus$ 65	1991	14	101½	99.50	Noncallable. Fees 1⅝%.
GTE Finance	Aus$ 75	1992	14	101⅝	99.13	Noncallable. Fees 2%.
Indosuez Australia	Aus$ 50	1991	14⅛	101¾	99.25	Noncallable. Fees 1⅝%.
Royal Trustco	Aus$ 50	1992	14¼	101⅝	99.50	Noncallable. Fees 2%.
Westland-Utrecht Hypotheekbank	Aus$ 50	1990	14½	101⅜	99.63	Noncallable. Fees 1⅝%.
Crédit Lyonnais	¥ 10,000	1992	6	108¾	—	Noncallable. Fees 1⅝%. Denominations 10 million yen.
Ford Motor Credit	¥ 15,000	1992	1	101	—	Coupon is 1% for first two years, increasing to 7% thereafter. Noncallable. Fees 1⅝%. Denominations 10 million yen.
World Bank	¥ 10,000	1997	4.8	100	—	Semiannually. Private placement.
EQUITY-LINKED						
Bond Finance Int'l	$200	1997	5¾	100	99.50	Redeemable at 116½ in 1992 to yield 8.53%. Convertible at Aus$2.89 per share, an 18% premium, and at Aus$1.39 per dollar. Fees 2½%.
Chase Finance New Zealand	$ 75	1997	open	100	—	Coupon indicated at 5¾%. Convertible at an expected 16% to 20% premium. Redeemable in 1992 to yield 8¼% to 8⅝%. Fees 2½%. Terms to be set July 1.
Cosmo Securities	$ 50	1992	1⅜	100		Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 2,512 yen per share and at 147.10 yen per dollar. Fees 2¼%.
Emhart	$ 50	2002	open	100	99.88	Coupon indicated at 6½% to 6¾%. Convertible at an expected 18% to 22%. Fees 2%. Terms to be set June 29.
Kajima	$200	1992	open	100	—	Coupon indicated at 1⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 1⅝%. Terms to be set June 29.
Mentor	$ 30	2002	open	100	99.00	Coupon indicated at 6¾%. Convertible at an expected 17% to 20% premium. Fees 2½%. Terms to be set July 2.
Nichirei	$100	1992	open	100	97.75	Coupon indicated at 1⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 29.
Nichirei	$ 50	1994	open	100	96.50	Coupon indicated at 2⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set June 29.
Nippon Oil & Fats	$ 70	1992	1⅜	100	97.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,415 yen per share and at 145.90 yen per dollar. Fees 2¼%.
Nippon Shinpan	$400	1992	open	100	96.00	Coupon indicated at 1⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. $200 million issued in Europe and $200 million in Asia. Fees 2¼%. Terms to be set June 30.
Nokia	$100	1992	5	100	102.50	Each $5,000 bond with 134 warrants exercisable into company's shares at a price to be set June 29. Fees 2¼%.
Ohbayashi Road Construction	$ 25	1992	open	100	—	Coupon indicated at 1⅜%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 2.
Okumura	$100	1992	open	100	—	Coupon indicated at 1⅜%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 30.
Pasco	$ 85	1992	1⅜	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,017 yen per share and at 147.70 yen per dollar. Fees 2¼%.
The Rouse Co.	$130	2002	5¾	100	98.00	Convertible at an expected 21% to 25% premium. Fees 2½%. Terms to be set July 2.
Shinagawa Fuel	$ 50	1992	open	100	97.00	Coupon indicated at 1⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 1.
Toyama Chemical	$ 50	1992	1⅜	100	94.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,435 yen per share and at 146.00 yen per dollar. Fees 2¼%.
Toyota Motor	$800	1992	open	100	98.25	Coupon indicated at 1¼%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set July 3.
Yamamura Glass	$ 40	1992	1⅜	100		Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 547 yen per share and at 146.00 yen per dollar. Fees 2¼%.
Yamanouchi Pharmaceutical	$100	1992	open	100	100.00	Coupon indicated at 1⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 30.
Bond Finance Int'l	£ 80	1997	6	100	99.50	Redeemable at 124 in 1992 to yield 9.40%. Convertible at Aus$2.89 per share, an 18% premium, and at Aus$2.426 per pound. Fees 2½%.

DEBT: *Novel Repayment Solution for Mexican Company Suggests Global Applications*

(Continued from first finance page)
leasing company close to bankruptcy from trying to service $33 million in foreign currency bank loans, will purchase for about 10 cents on the dollar long-term zero-coupon U.S. Treasury bonds.

Zero-coupon bonds are instruments on which no interest is paid. The bonds are sold at substantial discounts from the nominal value — such as 10 cents for paper that will be worth $1 at maturity.

The Treasury does not itself issue zeroes, but securities firms can create them by stripping out the semiannual interest paid on standard government bonds and then selling each interest payment and the final redemption amount as a separate zero-coupon bond.

Arrendadora Atlas will use such bonds having a maturity of more than 20 years as the collateral for a new security it will issue in exchange for the existing bank debt on a dollar-for-dollar basis. One dollar of bank debt will be exchanged for one dollar of collateralized security. The banks will suffer no loss of principal.

When the zero-coupon bond matures the banks will receive full payment of the amount they initially lent, although much later than they had expected when they extended the loans.

In the meantime, Arrendadora will continue to pay interest to the banks. But in exchange for this guaranteed repayment, Arrendadora is slashing in half the rate of interest it had been paying to a rate of 13/16 percentage point over the London interbank offered rate, Libor, the benchmark for the bulk of the commercial bank lending to developing countries.

Arrendadora's debt rescheduling, due to be signed Monday, was arranged by First Interstate Bank, based in California.

The bank's senior vice president, Louis Schirano, said in a telephone interview that Arrendadora Atlas "was able to restructure its balance sheet entirely while at the same time banks suffered no writedown" on the values of their outstanding loans.

The restructuring will leave the company solvent, Mr. Schirano said. He added that the company would service interest on the new security out of its current cash flow.

Mr. Schirano said he believed the technique could be applied throughout the developing world.

The new debt plan, by using U.S. government bonds, could help finance the huge U.S. budget deficit and recycle trade surpluses from Japan and West Germany. This in turn could foster greater economic growth, less protectionism and more currency stability.

At first glance, applying this scheme to the total Third World debt problem looks overwhelming. The debt now totals about $1 trillion. That amount dwarfs the volume of U.S. Treasury bonds that could be stripped into zeroes. In addition, finding the money to buy the zeroes is another problem.

However, these global numbers distort the situation. Not all debtor developing countries are in crisis; witness the strength of the countries in Southeast Asia, and many of the oil exporting states. Also, not all the money is owed to the banks.

Rimmer de Vries, chief economist at Morgan Guaranty Trust Co., estimated in an interview that less than $400 billion in debt would be involved in the key debtor countries. More than half of that would have to be taken off the books to restore confidence.

As for where the money would come from, Mr. de Vries suggested that the major debtors such as Mexico and Brazil could use a portion of their existing large reserves.

Mayer Rashish, former U.S. undersecretary of state for economic affairs and now a private consultant in Washington, had another suggestion. Mr. Rashish, a strong proponent of defeasance, said in a telephone interview that Japan could lend its pledged $20 billion to the World Bank. The bank could then buy the zeroes and lend them to developing countries.

As shown by Arrendadora Atlas, the superior credit backing would justify a sharp reduction in the lending charges imposed by the banks. As for the 20-year waiting period before being repaid, banks have already agreed to reschedulings stretching 20 years and still have no assurance of repayment.

In return, the World Bank would be in a position to insist that the debtor countries pursue economic policies aimed at restoring their health and, at the same time, to elicit from the banks extensions of new loans to finance development.

In theory at least, U.S. commercial banks should be able to move loans backed by U.S. government zero bonds from being classified as a credit to, say, Mexico to a credit extended to the U.S. government. Since they would need to hold less reserves against this credit, they would save money.

The classification move would also open room within each bank's lending limits to make new loans to debtor countries.

TECHNOLOGY: *New Equipment Cutting Productivity in U.S. Service Industry*

(Continued from Page 1)
delay in ticketing caused by computer failures.

In the retail trade, cash registers have been computerized and shipping, receiving and inventory systems modernized, but productivity growth of the 19 million workers has barely topped 1 percent annually.

The productivity of 18.8 million employed in health care, law and accounting actually declined an average of 0.2 percent annually since 1980, according to the Labor Department.

One of the companies that realized it was running into trouble and fashioned what is now considered a model solution is the Fireman's Fund Insurance Companies. Executives of the Fireman's Fund recognized several years ago that its sprawling computer systems, numbering more than 100, were impeding employees and beginning to affect profit. Policies were taking weeks to process. Errors increased.

Fireman's Fund launched a $100-million project to shrink the systems to 10. The company's billing division, for instance, will be operated on one computer system instead of 17. This should speed claims and check processing. The division that issues policies will depend on one system instead of two, a change that should cut the time needed to prepare a policy from 14 days to two.

Nationwide, the service sector has not been able to outpace manufacturing, despite expenditures of between $600 billion and $800 billion since the early 1970s on computerized equipment, according to the Labor Department.

Productivity increases in services averaged 2.4 percent between 1947 and 1973, when the economy enjoyed a long period of expansion, while productivity improvements at factories averaged 2.9 percent.

But from 1973 to 1981, the average annual productivity gains for services fell to 0.5 percent. Manufacturing productivity growth dropped less, to 1.3 percent. Between 1981 and 1985, the latest measurement period, manufacturing productivity grew by more than 4 percent annually, faster than at any time in U.S. history, while annual increases in service-sector productivity moved upward only 0.7 percent.

Poor growth in services has dragged the overall growth in U.S. productivity down during the 1980s to an annual average 1.4 percent, far below 1970 and much slower than that of Japan, West Germany and other major competitors.

Parts of the service economy, particularly telecommunications and finance, have been reaping the rewards of the electronic advances for several years.

But other service-industry executives have determined that buying more equipment is often not the answer.

Federal Express, which has set the trend in applying automation technology, is one of the major service companies carefully evaluating its purchases of new equipment.

"Equipment is not always the solution," said Michael K. Dale, manager of quality and productivity for Federal Express. The company recently figured out that it would save $185,000 a year by employing two clerks to deliver computer printouts by hand to a certain facility than to install an expensive printer.

"It was a low-tech solution to a high-tech problem," said Mr. Dale.

OPEC: *Cartel Agrees on Output Limit That Iraq Rejects*

(Continued from Page 1)
ing slightly more than one-third of the world's oil consumption.

That level compares with the official current quota of 15.8 million barrels a day, but is far lower than the 18.3 million barrels a day that OPEC had said at its meeting last December would be its fourth-quarter quota.

Under the new accord, Iraq's share was raised to 1.54 million barrel a day and Iran's to 2.369 million, from 1.466 million and 2.255 million. Last December, Iraq similarly demanded a share equal to Iran's, and proceeded to produce above its quota.

Iraq produced just over 2 million barrels a day in April and May, and its capacity is set to rise further in September with a new 500,000 barrel-a-day oil export pipeline via Turkey.

OPEC output for the second half of 1987, including that of Iraq, will actually be between 17.5 and 17.7 million barrels per day while fourth-quarter output will be nearly 18 million, acknowledged Kuwait's oil minister, Sheikh Ali al-Khalifa al-Sabah, on Sunday.

According to Paul Mlotok, an analyst with Salomon Brothers Inc. who attended the Vienna talks, the demand for OPEC oil will be 17.3 million barrels a day in the third quarter and 17.8 million barrels a day in the fourth quarter.

At the conclusion of the three-day meeting in Vienna, Rilwanu Lukman, the Nigerian energy minister and OPEC's president, predicted that prices "will continue to firm" as a result of the accord.

On Friday, oil prices were already rising on expectations of this agreement. Contracts for August delivery of West Texas intermediate, the U.S. benchmark crude oil, rose 60 cents to close at $20.24 a barrel Friday on the New York Mercantile Exchange.

Kuwait and Saudi Arabia originally fought efforts to revise the tentative 18.3 million-barrel, fourth-quarter quota downward because they feared the prices would rise and the result would be slower worldwide economic growth and thus lower long-term demand for oil.

(NYT, Reuters)

Bonds Stable On Clashing Influences

United Press International

NEW YORK — U.S. government bond prices had a stable week, finishing unchanged to slightly lower, as investors weighed conflicting market factors.

Favorable for bond prices were a steady dollar and news that consumer prices rose a modest 0.3 percent in May.

U.S. CREDIT MARKETS

Disquieting was the absence of strong investor demand Friday for the two-, four- and seven-year notes the Treasury sold to government bond dealers last week.

The bellwether 8¾ percent 30-year Treasury bond closed Friday at 102⅞, for a yield of 8.48, unchanged from the previous week.

Philip Braverman, economist at Irving Securities, said bond prices should soon perk up. He cited a near-complete respite from new auctions of Treasury notes or bonds until early August, a strong dollar, ebbing inflation fears, weak money growth and an economy neither strong nor weak.

U.S. Consumer Rates

June 26

Tax Exempt Bonds Bond Buyer 20-Bond Index	7.72 %
Money Market Funds Donoghue's 7-Day Average	6.22 %
Bank Money Market Accounts Bank Rate Monitor Index	5.59 %
Home Mortgage, FHLB average	10.82 %

Source: New York Times

EUROBONDS: *Foreign Exchange Volatility Cuts Demand for Funds*

(Continued from first finance page)
from competition among banks seeking to win new business by offering swaps at rates that could otherwise not be achieved.

The annual report of the Bank for International Settlements issued in June estimated that 20 percent of new international bond issues last year were the object of currency- or interest-rate swaps.

The BIS added that "issuing activity in some of the smaller currency sectors seems to have been almost entirely swap-driven. At least 70 percent of new issues in Australian and New Zealand dollars were swapped by borrowers into other currencies.

"The increase in activity in several European currencies, such as the French franc, Dutch guilder and Danish krone, also appears to have been largely related to swap operations," it continued. "Moreover, nearly 50 percent of new issues of yen-denominated bonds were swapped."

This, then, explains the astounding increase in the volume of Australian dollar Eurobonds so far this year. At $6.4 billion, more than double the amount of paper issued in all of last year, the A-dollar accounted for 7.8 percent of total first-half volume. As indicated earlier, the paper is also popular with investors attracted by the high coupons.

The swap activity also helps to explain why the yen has captured a much larger share of the total market than the Deutsche mark — from which swap opportunities are much less abundant.

While the swap activity may distort the U.S. dollar's loss of market share, there is no doubt that the currency is much less attractive to investors.

The Salomon Brothers figures show that $30.6 billion of U.S. dollar Eurobonds were issued in the first six months. Of this, straight bonds accounted for $24.27 billion. (Another $2 billion was in FRNs and $4.3 billion was in convertible bonds that can be exchanged for stock.)

However, what the Salomon figures do not show is that almost half of the straight-bond volume — some $11 billion — was debt carrying warrants to purchase equities. More than 90 percent of the issuers of equity-warrant bonds were Japanese companies.

In these issues, the dollar was merely a currency of convenience for the issuer. The bonds and the warrants are immediately separated and trade independently, leaving the bonds with their ridiculously low coupons of less than 1½ percent offered in the market at enormous discounts from face value.

Ultimately, these deeply discounted straight bonds are bought by professionals, swapped and remarketed as floating-rate notes. This was the case last week with FRNs sold by CIVAS 2 and Tops Series V — special-purpose companies created to serve as the issuing vehicle.

The Japanese ex-warrant bonds usually carry the guarantee of a major bank and thus are high quality. The repackaging produces an attractive yield — some 15 to 17 basis points over the benchmark London interbank offered rate for Eurodollar deposits.

Meanwhile, with the Tokyo stock market showing signs of finally topping out, even the warrants began losing appeal and the bulk of the issues launched last week traded at substantial discounts even with the warrants still attached.

As expected, Toyota Motor last week launched its $800 million of five-year warrant bonds — the largest issue yet seen. The indicated coupon is 1¼ percent. Taking into account the expected stock purchase price of 2½ percent above the prevailing Tokyo quote, and the interest income lost by holding such a low-coupon bond, the effective premium of the warrant is estimated at 30 percent.

With the Tokyo market down overall and auto stocks not in favor, Toyota's paper was not selling well and the price was maintained at a discount of 1½ points thanks to heavy support from the lead manager, Nomura International Ltd.

PARACHUTES: *Rich Severance Payments for U.S. Executives Have Become Common Practice*

(Continued from Page 7)

their senior executives are assured a safe landing in the event of a change of control, if indeed they have not already done so.

"Severance issues used to be dealt with on a gentlemanly basis," said E. Webb Bassick, a partner with Hewitt Associates, an executive compensation firm. "But we have entered such a fierce environment of competition with unfriendly raiders that the gentlemanly ways have been tossed out."

Originally, parachutes were billed as weapons to discourage pesky suitors. But that threat proved virtually worthless in the multimillion-dollar corporate takeover game.

"It's like a mosquito bothering an elephant," Mr. Dwyer said.

Instead, the payments have become another perquisite of power.

JWT Group Inc., the advertising agency that agreed Friday to be acquired by Britain's WPP Group PLC, had quickly approved "severance agreements" for 26 key employees when WPP first came calling. These guarantee cash equal to triple the employees' salaries and other benefits for three years.

Gillette Co., a veteran of the takeover wars, has in place a parachute that would triple almost all its employees' salaries for five years. Revlon is trying to buy Gillette for the second time.

Merrill Lynch, CBS, Baxter Travenol and scores of other companies now routinely offer special compensation for executives who leave top offices because of a change in management or for other internal reasons. More than 40 percent of major U.S. companies now have parachutes, said Mr. Bassick at Hewitt Associates.

Increasingly, not only a takeover fight but, say, getting thrown out by the board can result in a lucrative parachute. Mr. Ferris fell out with the Allegis board. Thomas H. Wyman, the former CBS chairman, departed with a generous parachute. Michel Vaillaud, who was chairman of Schlumberger Ltd. as the oil-service giant was being ripped apart by family feuding, was ousted with at least $5.6 million.

When he retired in May, E. F. Hutton's former chairman, Robert M. Fomon, who headed the brokerage firm during the worst scandal in its history, got $4 million in cash, and a subsequent award of $465,000 annually in additional pension benefits and a consulting contract with Hutton that could be worth $3.5 million. His salary was $1.25 million a year.

Similarly, the housecleaning on Wall Street resulting from insider trading scandals apparently has its rewards. When General Electric Co. replaced the top management of its Kidder, Peabody Group subsidiary last spring after an internal investigation of the firm's role in insider trading, the company said it would honor the employment contract of its former chief executive officer, Ralph D. DeNunzio.

Kidder agreed this month to pay the federal government $25.3 million to settle allegations that it made millions in illegal trading during Mr. DeNunzio's tenure, though he has not been accused of wrongdoing.

> **'Workers look at golden parachutes and say, "Why should I knock myself out for this company?" '**
>
> — ***Robert B. Reich,***
> ***Professor of political economy at Harvard University's John F. Kennedy School of Government***

A study of 1,500 companies completed last year by Mr. Dwyer's firm showed that more executive employment contracts were written in 1985-86 than during any previous two years. They protected a larger number of executives and their potential cost grew to an estimated average of $4 million, with the most generous costing about $60 million.

Most of these parachutes, which usually provide a healthy multiple of salary and a variety of benefits, were installed to cushion a drop from the corporate hierarchy after a takeover, the study showed. But a third of them could be triggered by loss of a job for any reason.

Both the size of contracts and their growing number have made them the center of a debate over the proper pay for a chief executive.

"From the beginning of time and forever the question will be how much is a good man worth and how little should a bad one be paid," said Mr. Agee, who popped open a $4 million parachute after he sold Bendix to Allied Corp.

Robert B. Reich, professor of political economy at Harvard University's John F. Kennedy School of Government, views parachutes as a form of bribery that suggests that managers would not act in the interest of shareholders otherwise.

He also thinks they hurt productivity. "Workers look at golden parachutes and say, 'Why should I knock myself out for this company?' " he said.

The union leadership at Time Inc., for example, is unhappy with a $4 million severance package a former Time Inc. chairman, Ralph P. Davidson, is collecting now and after his retirement from the board at the end of next January.

Among other payments, Mr. Davidson, 59, will receive a $415,000 guaranteed salary until his retirement, as well as a bonus, a two-year consulting contract, pension benefits and $18,500 in legal fees. His salary was $573,799 in 1986.

"I think it's an expensive squeeze play at the top at a time when many people are losing their jobs at the company," said Key Martin, unit chairman at Time Inc. for the Newspaper Guild of New York.

Similarly, employees at CBS who have lost their jobs since Laurence A. Tisch took over as chief executive looked askance at Mr. Wyman's settlement and that of Van Gordon Sauter, who was president of the troubled CBS news division. Several other CBS executives have employment contracts, some with special provisions that protect them in the event of a takeover.

There are also silver parachutes, such as the one installed by the airline America West covering 5,000 workers.

"We put it in to relieve the anxiety of our employees and send a strong message to potential buyers," said Mark Coleman, America West's senior vice president for market planning.

Beneficial Corp. of Wilmington, Delaware, has taken a slightly different approach by covering a broad band of middle managers at a potential cost of $53.8 million.

The payments that really raise eyebrows, however, are the stratospheric parachutes such as the $35 million that Michel C. Bergerac, Revlon's former chairman, took with him when the investor Ronald O. Perelman — who is trying again to acquire Gillette — deposed him.

Some shareholders and critics of parachutes in general are also irate over how they are installed. Although such packages have to be disclosed in companies' proxy statements, many are nearly impossible for the average shareholder to understand.

Another sticking point is when parachutes are approved. Many a sudden exit of an executive comes with a last-minute parachute approved by a sympathetic board.

"Some of these benefits cannot be ascertained until we come to the moment of truth," said Graef Crystal, a professor of organizational behavior at the University of California's business school.

Finally, though parachute supporters say the payments are small relative to a company's assets or the prices struck in takeover deals, some experts claim that paying parachutes detracts from the value of a company.

Generali to Buy Northern Star

International Herald Tribune

ROME — Assicurazioni Generali, Italy's leading insurer, has agreed to acquire Britain's Northern Star for an unspecified sum.

The purchase of Northern Star, which had premium income of £30 million ($48.3 million) last year, from Union des Assurances de Paris, forms part of Generali's international expansion strategy, Enrico Randone, its president, said Saturday.

Generali will issue a dividend of 600 lire (46 cents) per share, up 40 percent, and a bonus issue of one new share for every five already held, bringing nominal share capital to 420 billion lire from 350 billion.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

	Sales in 100s	High	Low	Close	Net Ch'ge
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MBA: U.S. Programs Seeking to Create Market Niche as European Demand Grows

(Continued from Page 1)

doubled since 1974, to 650 from 389. But that, too, is changing.

Many MBA programs are starting to feel the pinch, in particular the lesser-known private institutions whose names lack the resonance of Harvard or Stanford. Mr. Kurish says that, at Hartford's Barney School of Business and Public Administration, enrollment has fallen in recent years by as much 7 percent a semester.

No one is sure exactly how many U.S. business colleges have come to Europe, though the figure in Paris gives a clue: at least three in the last couple of years. The invasion has taken two forms: separate campuses, such as Hartford's; and links with established European schools, usually exchange programs for students and teachers.

Virtually all the better-known U.S. schools, and many others, have chosen the second approach. For example, Clark University of Worcester, Massachusetts, considered opening a program in Paris but finally decided on a link with l'Ecole Supérieure de Gestion, a French undergraduate business school, that will allow ESG graduates to get their MBAs from Clark's home campus in as little as eight months, if they are qualified.

Other schools, such as Hartford, are jumping headlong into Europe, establishing separate campuses and English-language programs from their home bases. The aim, they say, is to enhance the reputation of the home campus and eventually raise enrollment there.

"The European program will not make money for us in any of their locations," said William J. Duggan, dean of Webster University's graduate school in St. Louis, Missouri.

"What we want to do is get the European programs at a break-even point," he said. "The payoff will be that, once our American students realize that we have these options," the programs "will bring students to our campus here."

Yet educators say these programs' separateness raises concern about their quality.

To save money, the branches generally use very little faculty from the home campus, relying instead on "adjuncts" from the communities where they are based. They often lack adequate libraries and other facilities. And so that the programs will be cheaper, they are often shorter than the two-year equivalent required by the American Assembly of Collegiate Schools of Business, the body that accredits MBAs in the United States.

For these reasons, officials of the St. Louis-based assembly say, none of the U.S. colleges offering separate programs is accredited by the body, either in the United States or in Europe, though most of the colleges are accredited on a much broader basis by regional authorities that do not pass judgment over specific academic curricula.

"It is awfully hard, that many miles off, to monitor quality and maintain the kind of program that you'd expect on the home campus," said Charles Hickman, the assembly's director of projects and member services.

Of the 650 MBA programs in the United States, 222 are accredited, including those of all the top schools except for Yale's very untraditional School of Organization and Management.

B. Bonnie Baranowski, assistant dean at the Barney school in West Hartford, denied that accreditation was "an indicator of quality" or of minimum professional standards, such as doctors or engineers might require. "It merely indicates that you are following the curriculum that they have said you should follow," she said.

She said that, while Barney met the assembly's standards, it had chosen not to seek accreditation. Now, however, it is reconsidering that decision, she said.

The risks of coming to Europe can be great. North Texas, for example, canceled a faculty-exchange program with a Zurich graduate school when the Swiss school began using the Texas university's name and logo on diplomas.

Planning problems forced Clark to delay the start of its program, while Hartford's original French partner went out of business just after the Paris program got under way. Now it has a new partner.

Webster University was one of the first U.S. schools to decide that the risks might be worth taking. If Webster is better known than Hartford in the United States, it is probably less for its parent campus in St. Louis than for a dozen or so satellites across the United States.

The university, founded in 1915, has been one of the most aggressive in the country in opening campuses near military bases and in other areas where the supply of inexpensive part-time college courses has not kept pace with demand.

Webster's first European branch, in Geneva, was created to cater to that city's large English-speaking diplomatic community. It has since added campuses in Vienna, London and Leiden, Netherlands.

The programs rely heavily on adjunct faculty, but officials deny that quality is a problem.

"Curriculum is controlled from St. Louis," said Robert D. Brooks, the Vienna director. "We can propose, but St. Louis must sign off. St. Louis monitors us closely. Every syllabus goes to St. Louis."

Most students study a business curriculum, but the campuses offer courses in the liberal arts as well.

This is not the case with Hartford, whose Paris campus offers only an MBA program, compressed into 12 months. Mr. Kurish said that the curriculum was "intensive" and that the school was serious in its commitment to "excellent" management education.

For example, he said, it flies most of its teachers in from Connecticut each quarter, though it uses occasional free-lancers based in Paris.

"I can't honestly say that you are getting a University of Hartford degree if you're not getting my professors," Mr. Kurish said. "It would be a little dishonest."

IPME Trains Managers for Smaller Firms

By Kurt A. Ruderman
International Herald Tribune

PARIS — Ten years ago, the paths of two ambitious business graduates crossed on the faculty at the European Business School in Paris. Michel Robic, director of the program in finance, and Jacques Bensoussan, head of marketing studies, both had extensive experience as consultants for small and medium-size companies in France.

Dismayed by what they saw as a void in France's elite *grandes écoles* — of which they are both graduates — to meet the specific management needs of small companies, they decided to combine their skills and set up an institution that would focus on developing personnel to fill the gap.

The Institut des Petites et Moyennes Entreprises, IPME, opened in Paris in 1981 with 50 students. The student body has since been expanding at an annual rate of 40 percent. In addition to two schools in Paris and one in Lille, a San Francisco branch opened in March. Branches will open this autumn in Rennes and Metz, France.

IPME instructors are professionals in fields ranging from business to law. They supplement the academic curriculum with on-site training.

□

Bruno Coia, 22, a sales manager at Optima, joined the software distributing company after serving two internships there as part of his undergraduate training with IPME.

"I chose IPME after looking at several professional schools," Mr. Coia said. "I found them far too theoretical. I did not want to spend 8 hours a day in a classroom."

Pascal Dinga, 23, heads a sales team at France Construction, a subsidiary of Bouygues SA. He attributes his management success to his practical internship, particularly in the United States.

He recalled that a market study he was doing in the United States for Jeuxart, a luxury game manufacturer, had met with little response, a problem that was compounded by a 25-percent decline in the dollar. The experience, he said, gave him an idea for a game that he was able to market successfully on his return to France.

The stagnant economies that afflicted most industrial nations in the 1980s prompted the creation of IPME and similar schools in France. "During this period, large corporations had to deal with a tough home market, and an even tougher foreign one, just barely holding their ground while having to reduce their work force," Mr. Robic said. "However, during this period small and medium-sized companies experienced growth, as well as a rise in employment."

□

France has 1.5 million companies that fall into the small and medium-size category, accounting for 60 percent of the gross national product and 66 percent of the labor force.

The French government recently awarded a 700,000 franc ($116,670) contract to IPME and the Université de Technologie de Compiègne to coordinate a campaign to stimulate French exports.

Students qualify for IPME upon receiving their *baccalauréat*. They must pass tests in analytical skills and English before being admitted to the three-year course, where the emphasis is on practical training, including an internship in the United States. To enter the three-year program of the grandes écoles, in addition to the baccalauréat a student must take a two-year preparatory program where the emphasis is on mathematics.

Chance of U.S. Retaliation Grows Amid Thai Resistance on Copyrights

By Patrick L. Smith
International Herald Tribune

BANGKOK — Alone in East Asia, Thailand is resisting efforts to protect U.S. copyrights, patents and trademarks, leading many analysts to predict that Washington will be forced to retaliate by downgrading the nation's status as a trade partner.

In response to increased pressure from the United States, almost all Asian countries known to violate the intellectual property rights of U.S. companies have introduced legislation in recent months that is intended to curb the "pirating" of U.S.-made products ranging from audio tapes to prescription drugs and computer software.

Thailand's emergence as the only holdout in the region is partly a reflection of its highly nationalistic character and partly indicates a gradual souring of its economic relations with the United States over the past two years.

Although Prime Minister Prem Tinsulanonda appears committed to strengthening Thai regulations on intellectual property rights, the issue has become a potentially divisive one for Mr. Prem's four-party coalition government.

After years of periodic talks with U.S. negotiators, the Prem administration introduced amendments to Thailand's current copyright regulations last month. This has prompted charges from the prime minister's political opponents that the government is displaying weakness in responding to pressure from the United States.

Last week Mr. Prem sought to avoid a damaging confrontation over the legislation by postponing a debate in the Thai parliament, which goes into recess Tuesday, until after it recovenes in September.

Even the most far-reaching proposals advanced by various Thai officials in recent weeks do not address all of the grievances aired by U.S. officials.

"Some of the things we are asking for look as if they're politically impossible for Prem," a U.S. official said recently. "There's no question that we're heading for a period of increased confrontation."

Other Asian nations have moved to curb pirating of U.S. products from prescription drugs to computer software.

Until recently, pirated audio and video tapes, books, medicines and other copyrighted or patented items were commonplace throughout East Asia. Taiwan was infamous, for instance, for cheap reprints of bestsellers. South Korea was a center for counterfeit auto parts and Singapore was known for its trade in music cassettes.

In many cases, such items are still available, although less readily. But U.S. officials are satisfied that most governments are making efforts to strengthen regulations and implement them more forcibly.

In Thailand, however, audio cassettes are still available in any street market for about $1 and film cassettes can be rented for slightly more than that. The other main issues here involve unauthorized textbook publishing, the reproduction of patented medicines and the rampant theft of computer software programs.

Last month the Reagan administration's trade representative, Clayton K. Yeutter, received two petitions from U.S. industry groups, one involving pharmaceutical patents and the other from a coalition of businesses concerned with intellectual property rights.

Both petitions called for the suspension of Thailand's privileges under the Generalized System of Preferences, which awards duty-free status to a portion of imports from nations classified under it.

Mr. Yeutter is expected to accept the petitions as matters for investigation and to restart negotiations with Bangkok.

The most contentious aspect of the copyright issue is whether computer software should be covered by Thai law.

Many political leaders, including Deputy Prime Minister Bhichai Rattakul, assert that inexpensive software is essential to the nation's economic development.

The question of trademarks and patents, including those covering prescription drugs, has not yet been addressed. But there is a widespread view in Thailand that copied formulas are necessary to keep medicines within the reach of most Thais.

Mr. Prem's opponents have seized on these issues, political sources say, partly as a means of asserting parliamentary power and the interests of dissatisfied members of the governing coalition.

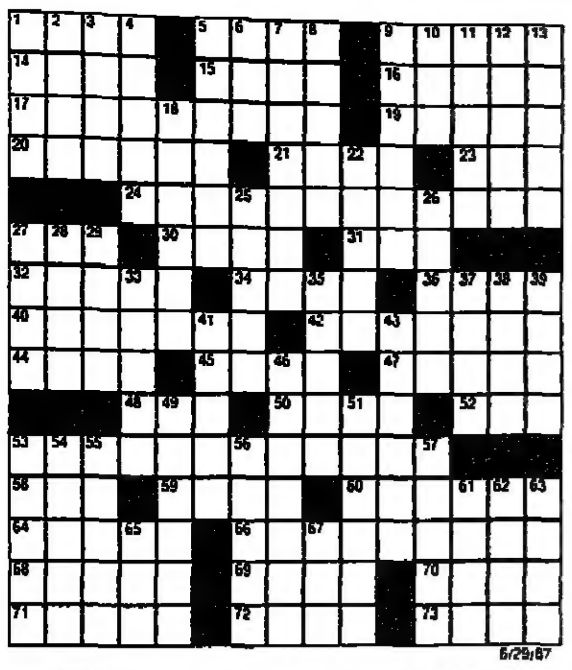
SELECTED U.S.A./O.T.C. QUOTATIONS

	BID	ASK
Bitter Corp.	1¼	1½
Chiron	30	30½
GoodMark Foods	15¾	16
MAG Holdings	4	4¼
NAV-AIR	3	3½
Spectrodyne	44½	44¾

WITH COMPLIMENTS OF CONTINENTAL AMERICAN

These are indicative prices as of June 25, 1987

SPORTS



ACROSS

1 Canines
5 Quasi
9 Kitchen implement
14 Opera highlight
15 Nobelist in Literature: 1947
16 Sierra ——
17 Home décor
19 "As You Like It" forest
20 Scheduled
21 Cole Porter's "I —— Love"
23 Feminists' goal
24 Hot-weather home adjunct
27 Bit of butter
30 N.Y. canal
31 Where Springsteen was born
32 Lessen
34 Cell-nuclei substances
36 —— avis (oddity)
40 "Anna ——," Yordan play
42 Ebbs
44 Cease
45 Invitation abbr.
47 Controls for colts
48 Suffix with Annam
50 Role for Jose Ferrer
52 Heavy weight
53 Cold-weather home adjunct
58 Cries of delight
59 "Money —— everything"
60 Wild ass
64 Adhesive ornament
66 Type of gardener
68 "—— of Two Cities"
69 Taj Mahal site
70 Paul ——, Swiss artist
71 Darnels
72 Affirmative votes
73 Search for

DOWN

1 Crows' cousins
2 By mouth
3 —— monster, SW lizard
4 Veteran sailors
5 Morocco quake site: 1960
6 Taste the soup
7 Think-tank occupants
8 Famed atomic physicist
9 Noisy bell sounds
10 Above, to Key
11 Cowboys' contest
12 New Year's month, in Madrid
13 Of the kidney
18 Flycatchers
22 Being employed
25 Gold-making king
26 Gay ——
27 Chums
28 Touch at the edge
29 Sancho's snack
33 Diminish gradually
35 Hungarian hero
37 Mine entrance
38 A place to play keno
39 Y.M.C.A., e.g.
41 Tartan trousers
43 Royal headgear
46 Wine classification
49 Happy expressions
51 Heller's "—— Gold"
53 Mubarak's predecessor
54 Greek letter
55 Part of a Hepburn collection
56 Dental device
57 Attacks on quarterbacks
61 High wind
62 Blunted sword
63 Give off fumes
65 October brew
67 Gun fanciers' org.

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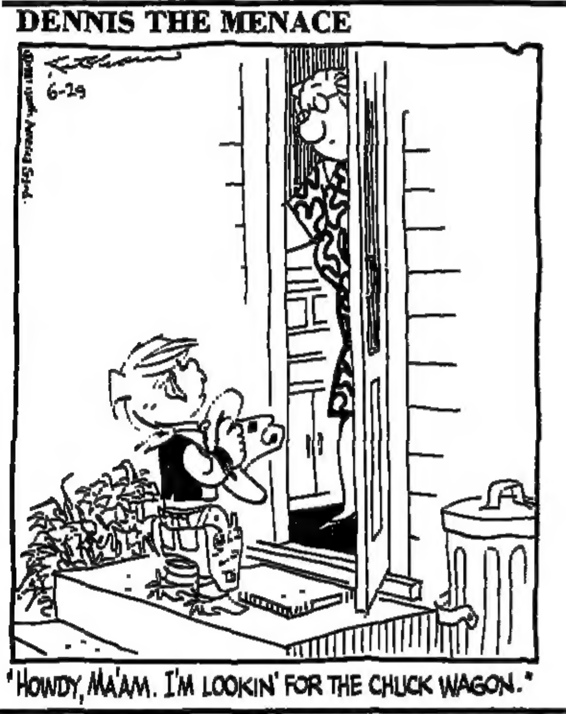
DENNIS THE MENACE



"HOWDY, MA'AM. I'M LOOKIN' FOR THE CHUCK WAGON."

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

WRONC

MYPTE

JETNUK

NAWDDE

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: HIS "   "

(Answers tomorrow)

Friday's | Jumbles: TESTY VIXEN LIKELY EASILY
Answer: What liars do after they die—LIE STILL

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	29	84	21	70	cl
Amsterdam	21	70	14	57	o
Athens	28	82	22	72	cl
Barcelona	26	79	16	61	fr
Belgrade	26	79	16	61	o
Berlin	20	68	17	63	r
Brussels	21	70	17	63	o
Bucharest	—	—	—	—	na
Budapest	27	81	15	59	cl
Copenhagen	18	64	7	45	fr
Costa Del Sol	28	82	19	66	fr
Dublin	20	68	17	63	r
Edinburgh	19	66	12	54	r
Florence	29	84	18	64	fr
Frankfurt	22	72	16	61	r
Geneva	24	75	12	54	cl
Helsinki	16	61	7	45	o
Las Palmas	25	77	20	68	fr
Lisbon	31	88	20	68	fr
London	25	77	17	63	o
Madrid	36	97	18	64	fr
Milan	28	82	17	63	fr
Moscow	24	75	11	52	cl
Munich	24	75	10	50	fr
Nice	26	79	20	68	cl
Oslo	18	64	10	50	cl
Paris	25	77	19	66	cl
Prague	25	77	12	54	fr
Reykjavik	12	54	7	45	o
Rome	29	84	18	64	cl
Stockholm	17	63	11	52	o
Strasbourg	26	79	16	61	cl
Venice	28	82	16	61	fr
Vienna	26	79	16	61	cl
Warsaw	22	72	14	57	o
Zurich	24	75	12	54	cl
MIDDLE EAST					
Ankara	25	77	10	50	cl
Beirut	—	—	—	—	na
Cairo	—	—	—	—	na
Damascus	—	—	—	—	na
Istanbul	28	82	20	68	fr
Jerusalem	28	82	14	57	fr
Tel Aviv	29	84	19	66	fr
OCEANIA					
Auckland	14	57	10	50	sh
Sydney	17	63	9	48	fr

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	35	95	26	79	cl
Beijing	26	79	19	66	o
Hong Kong	32	90	28	82	o
Manila	—	—	—	—	na
New Delhi	44	111	29	84	fr
Seoul	25	77	22	72	o
Shanghai	27	81	21	70	o
Singapore	31	88	28	82	cl
Taipei	29	84	22	72	o
Tokyo	21	70	16	61	o
AFRICA					
Algiers	26	79	19	66	fr
Cape Town	—	—	—	—	na
Casablanca	27	81	20	68	fr
Harare	20	68	8	46	fr
Lagos	—	—	—	—	na
Nairobi	27	81	13	55	cl
Tunis	29	84	19	66	fr
LATIN AMERICA					
Buenos Aires	22	72	9	48	fr
Caracas	26	79	19	66	cl
Lima	21	70	16	61	o
Mexico City	25	77	12	54	pc
Rio de Janeiro	24	75	17	63	cl
NORTH AMERICA					
Anchorage	13	55	9	48	r
Atlanta	30	86	16	61	fr
Boston	26	79	15	59	cl
Chicago	27	81	11	52	cl
Denver	32	90	15	59	pc
Detroit	25	77	11	52	pc
Honolulu	32	90	10	50	pc
Houston	34	93	21	70	pc
Los Angeles	25	77	17	63	fr
Miami	34	93	26	79	st
Minneapolis	30	86	15	59	pc
Montreal	26	79	17	63	r
Nassau	33	91	26	79	cl
New York	27	81	17	63	fr
San Francisco	18	64	12	54	pc
Seattle	26	79	13	55	fr
Toronto	26	79	19	66	pc
Washington	29	84	16	61	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers, sw-snow, st-stormy.

MONDAY'S FORECAST — CHANNEL: Smooth. FRANKFURT: Fair. Temp. 26 — 15 (79 — 59). LONDON: Fair Temp. 26 — 15 (79 — 59) MADRID: Fair Temp. 35 — 18 (95 — 64). NEW YORK: Cloudy Temp. 27 — 19 (81 — 66). PARIS: Fair. Temp. 29 — 15 (84 — 59). ROME: Fair. Temp. 30 — 17 (86 — 63) TEL AVIV: Not Available. ZURICH: Fair. Temp. 26 — 14 (79 — 57). BANGKOK: Fair. Temp. 34 — 26 (93 — 79). HONG KONG: Fair. Temp. 32 — 29 (90 — 84). MANILA: Thunderstorms. Temp. 31 — 25 (88 — 77). SEOUL: Cloudy Temp. 25 — 22 (77 — 72) SINGAPORE: Fair. Temp. 33 — 27 (91 — 81). TOKYO: Rain Temp. 21 — 16 (70 — 61).

SPORTS BRIEFS

Chang Successfully Defends Title 13th Time

INCHON, South Korea (AP) — World Boxing Council champion Chang Jung-koo of South Korea knocked down Augustin Garcia of Columbia three times Sunday, then finished him in the 10th round to successfully defend his light-flyweight title for the 13th time.

Garcia, ranked fifth, collapsed in the 10th after a barrage of body blows in the scheduled 12-round bout. His record fell to 23-6-3; Chang, 24, raised his to 35-1. The champion weighed in at 107.6 pounds (48.9 kilograms) and Garcia, 27, at 107 pounds.

Chang, who won the title from Hilario Zapata of Panama in 1983, attacked from the outset, while Garcia used hit-and-run tactics. Chang twice floored his opponent with jolting hooks in the seventh round and once in the eighth.

Azinger 3-Shot Leader in U.S. Golf Tourney

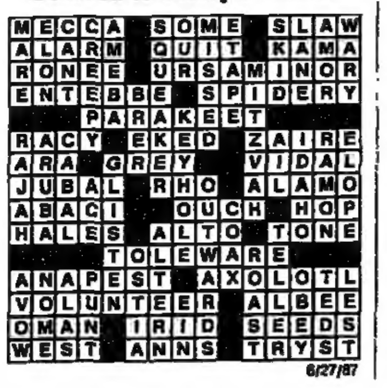
CROMWELL, Connecticut (AP) — Paul Azinger shot an eight-under-par 63 on a rainy Saturday to hold a three-stroke lead over Wayne Levi after three rounds of the Greater Hartford Open golf tournament.

Azinger, the PGA tour's No. 2 money-winner this season, birdied the third through fifth holes, then birdied Nos. 7, 10 and 11 and closed his day with birdies on 17 and 18. His bogey-free round fell one stroke short of the course record set by last year's winner, Mac O'Grady.

Levi, who shot 64 for the opening-round lead, carded 68 on Saturday and was at 200. Bernhard Langer of West Germany, the 36-hole leader off a second-straight 65, faltered to 72 and dropped into a tie with Gene Sauers at 202. Sauers shot 68 Saturday.

Heavy rain interrupted play for 1 hour and 40 minutes before the leaders teed off, and it rained most of the afternoon. Aki Ohmachi of Tokyo was disqualified when he began playing before the siren sounded to officially resume the tournament.

Solution to Friday's Puzzle



6/27/87

For the Record

Sir Harry Lewis, ridden by John Reid, won the Irish Derby by three-quarters of a length over Naheez at The Curragh in a race delayed for nearly an hour Saturday by a bomb scare. With a purse of £500,000 ($800,000), the 1½-mile turf event is Europe's richest race, but it drew a field of only eight, its smallest in 27 years. (UPI)

Sheila Hudson of the United States surpassed her world best in the triple jump at a track and field meet Friday in San Jose, California. Hudson's leap of 45 feet and 5.25 inches (13.85 meters) surpassed the mark of 45-2½ she set June 6. (AP)

VANTAGE POINT/ Michael Goodwin

NCAA to Consider Watershed Proposals

New York Times Service

NEW YORK — For some years now, critics of the college sports system have been complaining about an athletic tail wagging an academic dog. Sports, they have said, has become such a big business on many campuses that all notions of education, at least for the athletes, are swept aside in the clamor for victories, full stadiums and television contracts.

Not incidentally, many of those critics are university presidents. Where once these chief executives could bask in the glow of the success and attention that their athletes brought, more recently they have suffered a different kind of attention, generated by scandals of improper payments, drug abuse and academic fraud.

The next few days may show what that debate has added up to and what direction it is likely to take. On Monday the National Collegiate Athletic Association begins a special convention called by its presidents commission, created four years ago as a means for university heads to reassert some control over their athletic departments. The commission has asked representatives from the nearly 800 colleges and universities that are members of the NCAA to gather in Dallas to discuss and vote on proposals it believes address the ills of college sports.

Issue No. 1, according to the presidents, is something they call a "national forum" aimed at identifying the proper role of athletics in higher education. The presidents have put before the convention a proposal to authorize a series of studies and meetings over the next 18 months to show the effects of sports on the athletes and on the schools. How that proposal fares, and the tone of the debate about it, will give some indication of where college sports are headed.

Other proposals would shorten playing and practice seasons slightly and would reduce by a few the maximum number of athletic scholarships allowed. While these proposals are not radical, the cumulative effect amounts to a test of which faction is running the NCAA.

"The college presidents have already spoken on the philosophical questions of academics," said David Cawood, an assistant executive director of the NCAA. "Nobody can be against that. But this convention will identify how they handle the nuts and bolts. They're going to have to zero in on how they want athletics run on their campuses."

'The college presidents have already spoken on the philosophical questions of academics. Nobody can be against that. But this convention will identify how they handle the nuts and bolts. They're going to have to zero in on how they want athletics run on their campuses.'

— David Cawood, assistant executive director of the NCAA.

Reform, of course, is a continuing proposition. Many schools have mandatory drug-testing policies for athletes, and last year the NCAA conducted its own tests at championship events and postseason football games. Last year was also the first time freshman athletes were required to meet toughened academic requirements, such as having at least a minimum score on standardized comprehension tests.

The push is now on for even more changes, in part because recent scandals have shown that the underside of big-time sports can be hazardous not only to athletic departments but also to universities and their presidents.

The presidents of the University of Georgia and Southern Methodist University, for example, resigned in the last year after revelations of wrongdoing in their athletic departments. And John B. Slaughter, the chancellor of the University of Maryland, spent a good part of the last year defending himself after the death of the basketball star Len Bias from cocaine intoxication. There were reports, for example, that Bias and four of his teammates had attended virtually no classes for an entire semester. Slaughter, who is also chairman of the presidents commission, removed both the athletic director and the basketball coach as part of a general shake-up of the athletic department and a tightening of the school's academic requirements for athletes.

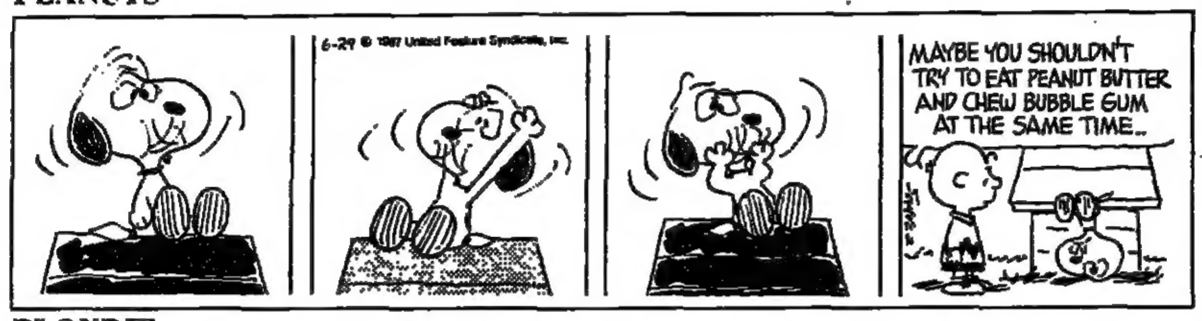
The effect of those changes, which shortened Maryland's playing and practice season, is something most coaches and athletic directors have probably noticed: This year's basketball team did not win any of its games in the tough Atlantic Coast Conference. "It was a year of change," said Roz Hiebert, director of public information for the College Park campus. "The players were studying more."

Finally, there will be a new element present in Dallas. Walter Byers, the only executive director the NCAA has had, is stepping down after 36 years. His successor is Richard D. Schultz, a former coach who has been the athletic director at Cornell and the University of Virginia.

Schultz is a no-nonsense businessman who is a believer in big-time sports, as illustrated by his taking Virginia's football team to a postseason bowl game for the first time in its history. But he is also committed to what he calls "academic integrity" and to the notion that a major sports program can coexist with rigorous educational standards. There is some evidence that he proved his point at Virgina, where upward of 95 percent of the athletes graduate.

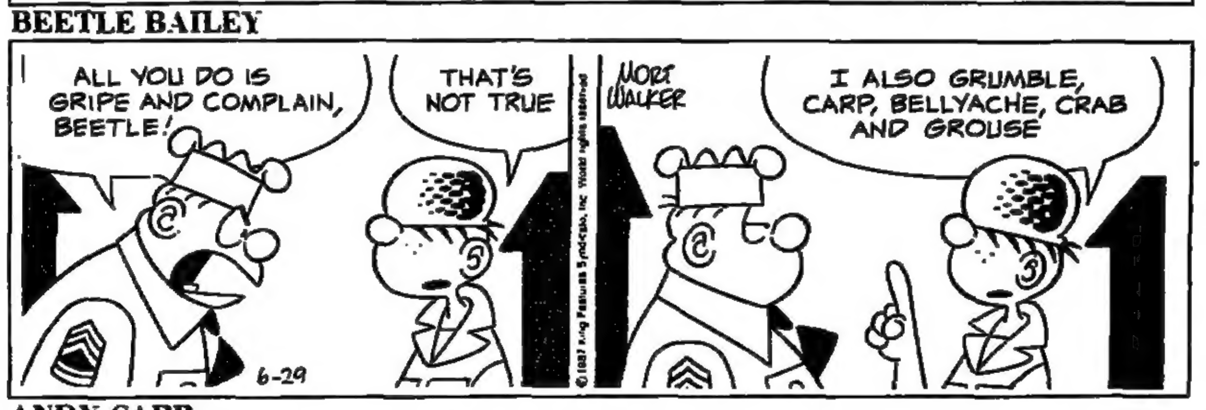
The question now is whether Schultz can persuade everybody in the NCAA to do things his way.

PEANUTS



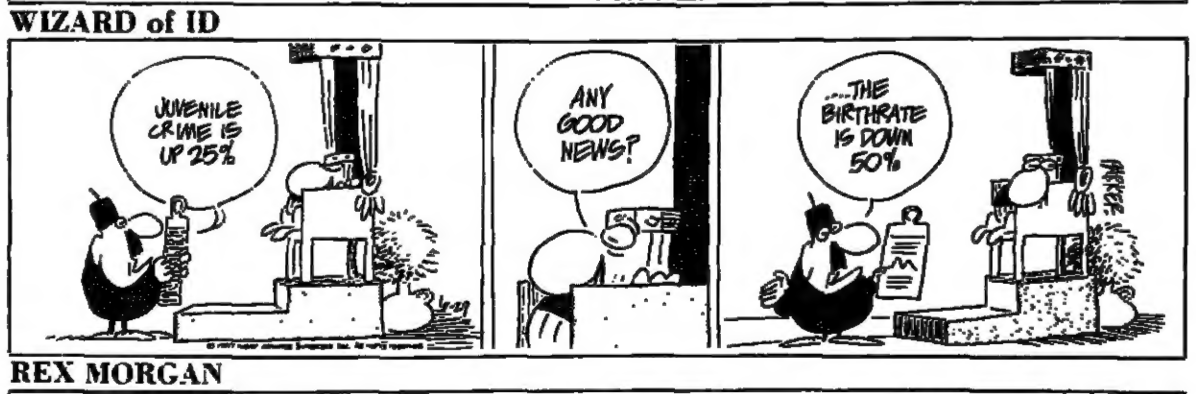
BLONDIE

BEETLE BAILEY



ANDY CAPP

WIZARD of ID



REX MORGAN

GARFIELD

WORLD STOCKS IN REVIEW / *Via Agence France-Presse*

Amsterdam

The mood on the Amsterdam Stock Exchange ranged from firm to bullish, helping set new highs for prices and turnover.

Strong gains for international issues pulled the market to a record on Monday, as the ANP-CBS general index broke through last September's all-time high of 301.0 to 303.6. By Friday, it had reached 305.6, after 297.4 the previous Friday.

According to Kempen & Co., Amsterdam stockbrokers, the dollar's gains and Wall Street's persistent firmness brought foreign buyers back to pick up relative bargains in many leading Dutch issues.

Market turnover for the week was 8.014 billion guilders, up from 6.497 billion the previous week.

Frankfurt

The firmer dollar, which will help West German industrial exports, gave a firm tone to the West German stock market, as did more optimistic domestic growth forecasts.

The Commerzbank index closed the week at 1,891.6, up from 1,858.4 the previous Friday.

Foreign buyers flocked back to the market, leading to a marked rise in trading volume. Turnover on the eight West German exchanges was 32.20 billion Deutsche marks, against 16.36 billion DM the previous week, shortened by two holidays.

Demand was particularly high for export stocks and blue chips. Autos were popular, especialy Volkswagen, which gained 43 DM to 430, helped by a production agreement with Toyota. Linde was strong in machine tools, and Siemens in electrical engineering.

Hong Kong

Hong Kong's stock market ended on a dull note Friday after a week marked by a record high for the Hang Seng Index, political uncertainty over relations with China and an increase in local interest rates.

The Hang Seng Index closed at 3,138.68 points, down 26.96 over the week.

A selling spree on Monday was partly attributed by dealers to a half-point increase to 7.5 percent in the local prime lending rate.

Brokers also noted concern about an apparent rift between Britain and China over political reforms in Hong Kong, which reverts to Chinese rule in 1997.

By Wednesday, however, a government announcement that it would sell to the private sector one of three government-owned banks, the Hong Kong Industrial & Commercial Bank, helped push the Hang Seng Index to a record high of 3,178.98 points.

London

Heavy early falls of London stock prices this past week on interest rate uncertainty were reversed by midweek, as domestic and foreign institutional buyers returned to the market looking for bargains.

The Financial Times industrial shares index closed up 32.4 points on the week at 1,790.7, after fluctuating in a 40 point range early in the week before a strong rally Friday.

Oil issues were firm throughout the week, as the likelihood of improved crude prices emerged from the OPEC meeting in Vienna.

British Aerospace was firmer after winning a $1.5 billion tentative order from Australian-based TNT transport group, but blue chip issues were generally erratic, particularly consumer and banking issues.

Milan

The Milan stock market was again dominated this past week by a "wait-and-see" attitude on formation of a new government, and closed down 1.33 percent.

Volume contracted again, particularly for recently favored stocks: Fiat volume was off by around 70 percent, Montedison 30 percent, Assicurazioni Generali 60 percent, and Mediobanca 80 percent. Average daily volume was 17 million shares, with a value of 93 billion lire.

Olivetti shares lost 5.10 percent of their value in five sessions, hurt by pessimistic statements by its chairman, Carlo de Benedetti, on the current financial year, ending at 13,000 lire. Montedison common stock was down 4.69 percent, while Fiat was off by 0.29 percent and Mediobanca by 0.71 percent.

Paris

The Paris stock market, becoming more sensitive to the dollar's ups and downs, had a jerky ride last week.

French stocks were up at the start of the week, with the new Bourse settlement period, but had two poor sessions before recovering on Friday.

The CAC index rose slightly to 401.4 on Friday from 400.6 the previous Friday.

The Paris Bourse has become more fragile the last few weeks because of poor economic indicators and uncertainty in the French political atmosphere. It is thus less able to handle weakness in the dollar, and the resulting upward pressure on dollar interest rates.

Market participants are now waiting for a moderate summer rally. Last year, after an 11 percent drop in June, stocks rose by 8 percent in July and 10 percent in August.

Singapore

Shares maintained their upward momentum, with the Straits Times industrial index hitting records five days running to end Friday at 1,260.77. Average daily turnover was 59 million units.

Marine-related stocks did well in the industrial and commercial sector.

Activity in the finance sector was up by more than 70 percent, with 29 million shares changing hands. The index moved up 6.16 points to 382.71.

The hotels index rose 12.87 points to 426.08, while the property sector's rose 3.12 points to 377.36.

The plantation sector closed mixed, although the index added 1.43 points to 506.58.

Tokyo

Share prices recovered moderately on the Tokyo Stock Exchange, with analysts saying the market was expected to become bullish toward mid-summer, paced by shares related to domestic economic demand.

With investors on the sidelines Monday over uncertain market prospects, the 225-issue Nikkei average fell sharply by 647.77 to close at 24,640.35.

It was the first time since June 2 that the key indicator had fallen below the 25,000 mark.

But share prices advanced the rest of the week, with the Nikkei average surpassing 25,000 Thursday and closing Friday at 25,049.83.

Behind the steady rise were expectations of lower interest rates and stabilizing yen-dollar exchage rates, market sources said.

Daily turnover in the major first-section stocks averaged 893.2 million shares, down from last week's 963.4 million.

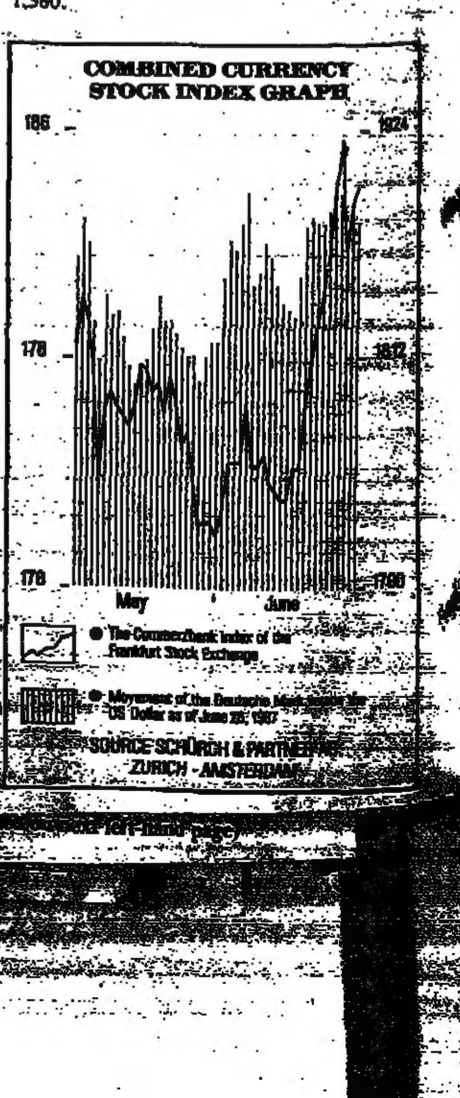
Zurich

The Zurich stock market enjoyed another firm week. The Credit Suisse index rose to 534.9 on Friday, from 527.7 at the end of the previous week. The Swiss Bank Corp. indicator rose to 636.9 from 625.3.

Market participants reported a resurgence in confidence in the Zurich market, helped by the dollar stabilizing at around 1.50 Swiss francs. They said the upward trend should continue during the new trading week.

Banks and financial companies were firmer, with Union Bank of Switzerland up 125 francs to 4,800 and Oerlikon-Bührle rising by 145 to 1,380.

COMBINED CURRENCY STOCK INDEX GRAPH



SPORTS

Yanks Mayotte, Wilkison Shine In the Spotlight of Center Court

By John Feinstein
Washington Post Service

WIMBLEDON, England — They turned two Americans loose on Center Court to start play on the first Saturday of the Wimbledon tennis tournament. Once they had the court, Tim Mayotte and Tim Wilkison decided they didn't want to give it up.

But no one objected. By the time they shook hands 3 hours and 45 minutes after they began, each had won the crowd in his own way. Mayotte, the 10th seed, needed all his considerable skills to hold off Wilkison, 6-3, 4-6, 6-7 (7-2), 6-2, 6-4.

"We were out there forever," Mayotte said. "After a while it seemed like we were camping out. I'm just glad to be alive and still in the tournament."

Twenty-four hours after Boris Becker was shockingly taken out of the tournament, the repercussions were still reverberating around the grounds. All the top men said that the two-time champion's absence opens up the field. Some, like Mayotte, admitted they had to keep from looking ahead.

Two male seeds followed Becker in defeat on Saturday. Joakim Nystrom (No. 13) lost to Jacob Hlasek, but given his record on grass and given that Hlasek is ranked only 16 places lower than he is, it barely qualified as an upset.

But the other seed's defeat certainly did. The loss by No. 12 Brad Gilbert to Alexander Volkov was almost as shocking as Becker's to Peter Doohan. Volkov, a 20-year-old Soviet, had never before won a grand prix match; ranked No. 503 worldwide, he kept Gilbert off balance to win, 7-6 (7-4), 0-6, 6-3, 6-4.

Other seeds fared better. Stefan Edberg (No. 4), who has lost his serve once in three rounds, won in straight sets again, this time over Matt Anger. Andres Gomez (No. 8) had some trouble but beat qualifier Ken Flach. Henri Leconte (No. 9) downed the other half of Israel's Davis Cup team, Gilad Bloom, a day after beating the first half, Amos Mansdorf. Pat Cash (No. 11) defeated his pal and Australian compatriot Paul McNamee in a second-rounder.

And No. 2 seed Ivan Lendl survived his daily struggle, defeating qualifier Richey Reneberg, 6-4, 6-7 (7-5), 6-3, 7-6 (7-0). "Anybody who has never won a set or a game in tennis, come on out and play me," Lendl joked. "You're guaranteed to win at least a set."

The only women's seed to lose was No. 13 Barbara Potter, wiped out by Mary Joe Fernandez, 6-0, 6-1. Steffi Graf took 50 minutes to oust Laura Gildemeister; she was joined in the fourth round by Helena Sukova (No. 4), Gabriela Sabatini (No. 6), Raffaella Reggi (No. 15) and Sylvia Hanika (No. 16). Claudia Kohde-Kilsch, playing a round behind, struggled before getting past Louise Field.

But it was Mayotte and Wilkison who had Center Court and center stage. Wilkison became something of a folk hero during the U.S. Open last year, upsetting Yannick Noah in the second round and becoming the only American to reach the quarterfinals. He won crowds over with his dashing, sprawling style, his red-and-white baseball cap and his aw-shucks style. He came in with the nickname "Dr. Dirt" and went out with a new one: "Rambo."

"That was fun," Wilkison said Saturday. "I like notoriety, but you have to earn it. If I had beaten Tim, I would have gotten some. But I didn't, so that's my fault."

His and his opponent's. Mayotte is the antithesis of Wilkison on the court — methodical, restrained, almost always controlled. Even the quiet English crowd got involved with Wilkison as he jived around the court.

"I've learned to just worry about my own game," Mayotte said. "It really doesn't bother me. That's the way Tim plays. I knew he would thrive in this atmosphere, so I expected a tough match."

Mayotte made it look easy early, racing through the first set and to a quick break in the second. But Wilkison came back, breaking back to 4-all and breaking again for the second set. Mayotte hurt himself, double-faulting after Wilkison had reached set point with a lunging forehand down the line.

Mayotte jumped ahead again in the third set, but Wilkison got even at 4-all. By this time, the fans had warmed to him; every time he shook a fist — which was often — they roared.

Robert Dear/The Associated Press
Tim Mayotte
. . . . Methodical and restrained.

Wilkison played the tie breaker about as well as one can, starting with a great scoop backhand volley and ending with two big serves. Again, Mayotte's nerves showed as he double-faulted twice.

But he didn't crack. He broke Wilkison to start the fourth set after a rare show of emotion. When he netted a forehand return to let Wilkison reach 30-all, he screamed in frustration, "Get a point on his second serve!" A moment later he did, with a ripping forehand. Wilkison double-faulted for the break and Mayotte raced through the set.

"When I let him break me like that to start the fourth, it wasn't too good," Wilkison said. "Then when he broke me again early in the fifth, I thought he might run away with it. But I got back in it" — after one of Center Court's more memorable scenes.

Serving at 2-3, Wilkison hit a lunging forehand winner that made the game score 30-all. As he lunged, his zipper split open.

Never missing a beat, Wilkison jogged over to his seat, got a second pair of shorts out of his equipment bag and raced under the stands to change. He was back in a flash, waving the split pair; the fans were beside themselves with laughter. Even Mayotte had a hearty laugh.

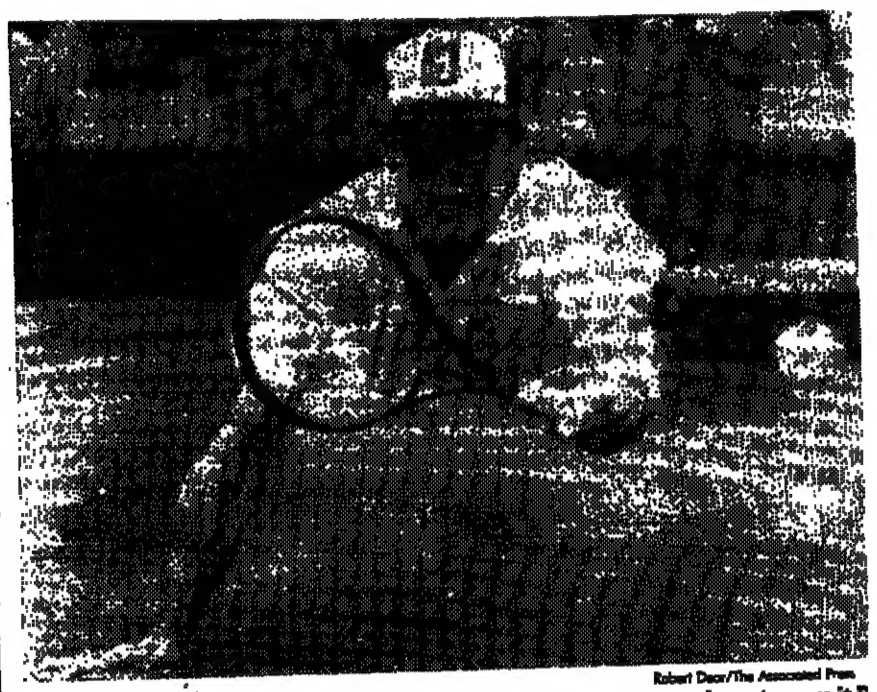
"You know you're out there at a moment like that and the pressure is extraordinary," Mayotte said. "But really, moments like that you cherish because they're so memorable. Right then, I was standing there thinking, 'It's really fun being out here and a part of this.'"

Wilkison saved that game, and the two moved to 5-4 on serve. "I was just hoping I could sneak a break in somewhere and get it over," Mayotte said.

He got his break with help from Wilkison, who at 15-all double-faulted. At 30-all, Mayotte passed him with a backhand. Match point. Wilkison missed his first serve. "I wanted to serve to his forehand because I thought I would surprise him," Wilkison said. "I guess I tried to do too much with the ball."

The serve was an inch wide. The second serve tracked the tape and bounded out of the service court, and suddenly it was over.

Not a perfect ending, but for a day Center Court had belonged to America, and no one was complaining.



Robert Dear/The Associated Press
Tim Wilkison, in full lunge and full cry: "I like notoriety, but you have to earn it."

Mets Lose No-Hitter, Then Game to Phils

The Associated Press

PHILADELPHIA — Mike Schmidt's two-out RBI single capped a two-run rally in the ninth inning Sunday afternoon that gave the Philadelphia Phillies, held hitless for seven innings by Ron Darling, a 5-4 victory over the New York Mets.

Schmidt's single, just beyond the reach of center fielder Mookie Wilson, came before a crowd of 52,206, largest this year at Veterans Stadium.

SUNDAY BASEBALL

Darling, who has not won in 13 starts, since April 22, had little trouble through the first seven innings. But pinch-hitter Greg Gross led off the eighth with a triple to and Juan Samuel's single finished Darling.

Schmidt greeted relief pitcher Jesse Orosco with a single and Gary Carter's passed ball allowed Sameul to score, then Glenn Wilson's single, off Roger McDowell with two out, made it 4-3. In the ninth, one-out singles by Gross, Sameul and Rick Schu tied it. After McDowell retired Von Hayes on a fly ball, Schmidt singled.

No Met has pitched a no-hitter in the team's 26-year history. There has never been a no-hitter in the 17-year history of Veterans Stadium.

Pirates 6, Cubs 2: In Pittsburgh, R.J. Reynolds' two-run single off relief ace Lee Smith triggered a two-out, five-run rally in the eighth that beat Chicago. Rick Sutcliffe, attempting to become the NL's first 11-game winner, had held the Pirates to one run on six hits before being lifted after walking pinch-hitter John Cangelosi and running the count to 3-0 on Barry Bonds.

Smith then came on to walk Bonds. Andy Van Slyke's sacrifice bunt moved the runners up before Johnny Ray was intentionally walked to load the bases. Smith then struck out Bobby Bonilla but Reynolds lined his single into right field. Jim Morrison's single made it 4-2, Mike LaValliere was intentionally walked to load the bases, Sid Bream walked on a 3-2 pitch and Cangelosi, batting for the second time in the inning, beat out a single to shortstop to score the final run.

Athletics 10, Indians 0: In the American League, in Cleveland, rookie Mark McGwire homered twice, tying a major-league record with five homers in two games, and Steve Ontiveros pitched a two-hitter for Oakland.

McGwire hit bases-empty homers in the fourth and seventh innings, his 26th and 27th this season, tops in the major leagues. He became the first rookie to hit five homers in two games, although 13 other players have done so, the last previous being Gary Carter of the Mets on Sept. 3-4, 1985.

McGwire also doubled in the second, got an infield single in the eighth and in the ninth flew out to the warning track in right field. After scoring five runs Saturday, he scored four Sunday, the nine runs in two games tying a major-league record held by four other players. But the last previous player to accomplish this feat was Melo Almada of the Washington Senators, in 1937.

Red Sox 6, Yankees 2: In New York, Al Nipper pitched a five-hitter and Jim Rice drove in two runs for Boston.

Teammate Don Baylor was hit by a pitch for the 244th time, breaking the major-league record set by Ron Hunt.

Tigers 8, Orioles 7: In Detroit, Alan Trammell singled home Matt Nokes with the winning run in the 11th after Bill Madlock had hit three homers against Baltimore.

The Orioles took a 7-4 lead into the ninth, but the Tigers tied when Tom Niedenfuer gave up consecutive homers to pinch-hitter John Grubb, Nokes and Madlock. Nokes singled in the 11th, and Madlock bunted him to second.

McGwire's 3 Home Runs Help A's Crush Indians

Compiled by Our Staff From Dispatches

CLEVELAND — Rookie Mark McGwire hit three home runs Saturday to lead the Oakland Athletics to a 13-3 rout of the Cleveland Indians.

"Mark put on a tremendous exhibition," said designated hitter Reggie Jackson, who in 1969 became the first Oakland player to hit three homers in one game, an accomplishment matched only by Dave Kingman in 1984 and now McGwire.

SATURDAY BASEBALL

McGwire made it 2-0 in the first inning, after Jose Canseco doubled into the left-field corner with two out, hitting Ken Schrom's next pitch 400 feet over the wall in left-center.

McGwire homered leading off the fifth. Jackson followed McGwire's single in the seventh with his 557th major league home run, and McGwire made it 12-3 in the ninth when he followed Canseco's single with his 25th homer this year.

Yankees 9, Red Sox 1: In New York, Don Mattingly hit a three-run home run in the first and went 2-for-5 against Boston.

Angels 3, White Sox 1: In Chicago, Devon White scored from first base on a sacrifice bunt and a throwing error, then homered to help California win its sixth in a row.

Royals 6, Mariners 0: In Kansas City, Missouri, Bret Saberhagen pitched a three-hitter against Seattle for his major league-leading 13th victory.

Orioles 4, Tigers 2: In Detroit, Lee Lacy's two-run double in the ninth ended Baltimore's eight-game losing streak on the road.

Blue Jays 8, Brewers 1: In Milwaukee, Jim Clancy pitched a four-hitter and Lloyd Moseby drove in five runs, three with a homer. Clancy struck out seven as he finally got his eighth victory after six straight losses.

Rangers 11, Twins 6; Rangers 7, Twins 2: In Arlington, Texas, pinch-hitter Mike Stanley greeted reliever Jeff Reardon with a grand-slam home run in the eighth to give Texas a doubleheader sweep. In the fourth inning of the opener, Ruben Sierra hit a three-run homer and Larry Parrish a two-run shot to help beat Minnesota.

Astros 6, Giants 5: In the National League, in San Francisco, Kevin Bass doubled twice, tripled and homered as Jim Deshaies won his sixth straight and the Giants lost their 11th in 13 games. San Francisco also lost outfielder Candy Maldonado for at least six weeks when he fractured a finger on his right hand while chasing Bass's third-inning triple.

Dodgers 4, Reds 3: In Los Angeles, Pedro Guerrero's single to center with two out in the 10th scored Steve Sax from third base to beat Cincinnati.

Mets 5, Phillies 4: In Philadelphia, Terry Leach allowed only four hits over eight innings for New York. Jesse Orosco started the ninth and allowed a leadoff homer to pinch-hitter Chris James and a one-out double to Mike Schmidt before Roger McDowell relieved. After a two-out, RBI single by Glenn Wilson, McDowell got Lance Parrish to ground into the final out.

Pirates 7, Cubs 0: In Pittsburgh, Rick Reuschel pitched a four-hitter for his 21st shutout in the majors and Junior Ortiz drove in three runs.

Cardinals 15, Expos 5: In Montreal, Curt Ford hit two homers, one a two-run shot during a six-run St. Louis third. Ford began the game with three homers in 345 major-league at-bats.

Padres 8, Braves 4: In San Diego, Tony Gwynn tripled in a run, then singled to help break a seventh-inning tie as the Padres won for the 11th time in 14 games. *(UPI, AP)*

Mark Duncan/The Associated Press
Oakland's Mark McGwire paused momentarily to watch the flight of his third home run of Saturday's game in Cleveland.

SCOREBOARD

Baseball

Friday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS
AMERICAN LEAGUE

Oakland 004 010 000—5 8 0
Cleveland 000 000 000—0 5 0
Stewart, Nelson (7) and Tettleton; Carlton and Dempsey, Bando (8). W—Stewart, 9-7. L—Carlton, 5-5. Sv—Nelson (1). HR—Oakland, Canseco (12).

Baltimore 000 000 000—0 4 1
Detroit 200 001 33x—9 10 0
Griffin, Corbett (7), McGregor (8) and Kennedy; Terrell and Nokes. W—Terrell, 6-7. L—Griffin, 0-1. HRs—Detroit, Evans (13), Gibson (9).

California 200 000 100—3 8 1
Chicago 000 100 000—1 6 1
Reuss, Minton (9) and Boone; DeLeon, Clark (9) and Fisk. W—Reuss, 2-0. L—DeLeon, 5-7. Sv—Minton (3).

Minnesota 000 000 000—0 1 0
Texas 100 000 00x—1 7 0
Viola and Butera, Laudner (8); Witt, Mohorcic (9) and Stanley. W—Witt, 3-5. L—Viola, 6-6. Sv—Mohorcic (10).

Seattle 000 104 000—5 11 1
Kansas City 000 001 000—1 5 0
Morgan, Wilkinson (7) and Valle; Leibrandt, Stoddard (7) and Quirk. W—Morgan, 6-8. L—Leibrandt, 8-5. Sv—Wilkinson (4).

Boston 430 200 000 0—11 15 2
New York 00(11) 000 000 1—12 18 1
Clemens, Crawford (3), Bolton (3), Stanley (6), Sambito (8), Schiraldi (9) and Gedman, Sullivan (10); John, Bordi (2), Guante (4), Clements (8), Stoddard (10) and Salas. Cerone (5). W—Stoddard, 1-1. L—Schiraldi, 4-4. HRs—Boston, Evans (12), Rice (5). New York, Winfield (16).

Toronto 000 210 110— 5 13 1
Milwaukee 000 011 17x—10 14 3
Key, Musselman (7), Henke (7), Nunez (8) and Whitt; Wegman, Mirabella (7), Clear (7), Plesac (8) and Surhoff. W—Plesac, 4-0. L—Henke, 0-2. HR—Toronto, Bell (26).

NATIONAL LEAGUE

St. Louis 010 000 000—1 6 1
Montreal 000 130 10x—5 9 0
Magrane, Dawley (7), Perry (8) and Pena; Sebra and Fitzgerald. W—Sebra, 4-8. L—Magrane, 5-1.

New York 000 000 200—2 10 0
Philadelphia 032 000 00x—5 8 0
Fernandez, Sisk (5), Innis (7) and Lyons; Gross, Calhoun (7), Bedrosian (8) and Parrish. W—Gross, 5-7. L—Fernandez, 9-4. Sv—Bedrosian (18). HRs—New York, Johnson (15). Philadelphia, Parrish (7).

Chicago 000 002 000—2 10 1
Pittsburgh 001 001 30x—5 10 1
Maddux, DiPino (7) and Davis; Drabek, Smiley (7), Jones (7), Robinson (8) and LaValliere. W—Jones, 1-1. L—Maddux, 4-7. Sv—Robinson (10). HRs—Pittsburgh, Bonds (11), Van Slyke (10).

Atlanta 100 000 000—1 5 0
San Diego 000 023 00x—5 10 1
Mahler, McWilliams (7) and Virgil; Show, Gossage (8) and Bochy. W—Show, 3-9. L—Mahler, 4-8. Sv—Gossage (6).

Cincinnati 200 001 030—6 10 1
Los Angeles 000 000 000—0 7 1
Power and Diaz; Honeycutt, Howell (8), Havens (9) and Scioscia. W—Power, 6-3. L—Honeycutt, 2-7. HRs—Cincinnati, Jones (9), Parker (18), Diaz (4).

Houston 020 013 003—9 13 0
San Francisco 101 000 121—6 9 0
Knepper, Andersen (8), Smith (8) and Reynolds, Ashby (8); LaCoss, Comstock (7), Robinson (9) and Melvin. W—Knepper, 3-8. L—LaCoss, 6-4. Sv—Smith (14). HRs—Houston, C.Reynolds 2 (2), Ashby (5), Walling (3). San Francisco, Maldonado (12), Thompson (7), Leonard (14).

SATURDAY'S RESULTS
AMERICAN LEAGUE

Oakland 204 110 203—13 19 1
Cleveland 010 020 000— 3 8 1
Andujar, Eckersley (6), Lamp (8) and Steinbach. Schrom, Vande Berg (4), Yett (6), Bailes (9) and Bando. W—Andujar, 2-1. L—Schrom, 4-7. HRs—Oakland, McGwire 3 (25), Lansford (7), Jackson (9). Cleveland, Castillo (6).

California 000 101 100—3 5 0
Chicago 000 010 000—1 8 1
Witt, Buice (8) and Boone; Bannister and Fisk. W—Witt, 9-5. L—Bannister, 2-7. Sv—Buice (6). HR—California, White (14).

First Game
Minnesota 102 300 000— 6 12 1
Texas 022 501 01x—11 11 1
Niekro, Frazier (4), Schatzeder (7) and Laudner; Correa, Russell (6) and Stanley. W—Correa, 3-5. L—Frazier, 5-3. Sv—Russell (2). HRs—Minnesota, Hrbek (19), Laudner (8), Gagne (5). Texas, Sierra (10), Parrish (18).

Second Game
Minnesota 020 000 000—2 7 2
Texas 020 000 05x—7 8 1
Berenguer, Atherton (7), Schatzeder (8), Reardon (8) and Butera; Hough and Petralli. W—Hough, 8-3. L—Atherton, 4-2. HRs—Texas, Stanley (2), Wilkerson (1).

Baltimore 000 000 103—4 8 0
Detroit 200 000 000—2 5 4
Boddicker, Niedenfuer (7) and Van Gorder; Tanana, Hernandez (9) and Nokes. W—Niedenfuer, 1-0. L—Tanana, 7-4. HR—Detroit, Evans (14).

Seattle 000 000 000—0 3 1
Kansas City 310 001 10x—6 12 0
Guetterman, Clarke (8) and S.Bradley; Saberhagen and Owen. W—Saberhagen, 13-2. L—Guetterman, 5-1. HR—Kansas City, Owen (2).

Boston 100 000 000—1 8 1
New York 410 010 30x—9 14 0
Boyd, Bolton (6), Stanley (7), Sambito (8) and Gedman; Tewksbury, Stoddard (8), Righetti (9) and Salas. W—Tewksbury, 1-2. L—Boyd, 1-1. HRs—New York, Mattingly (7), Pagliarulo (11).

Toronto 120 000 203—8 11 0
Milwaukee 100 000 000—1 4 1
Clancy and Moore; Nieves, Aldrich (7), Mirabella (8), Clear (9) and Surhoff. W—Clancy, 8-5. L—Nieves, 5-5. HRs—Toronto, Barfield (19), Moseby (12).

NATIONAL LEAGUE

Houston 210 030 000—6 11 1
San Francisco 010 010 102—5 6 0
Deshaies, Darwin (8), Meads (9), Andersen (9) and Ashby; Downs, M.Davis (5), Garrelts (8) and Brenly. W—Deshaies, 8-2. L—Downs, 6-4. Sv—Andersen (1). HRs—Houston, Bass (8). San Francisco, C.Davis 2 (11), Williams 2 (8).

New York 111 020 000—5 12 1
Philadelphia 100 100 002—4 7 0
Leach, Orosco (9), McDowell (9) and Carter; Rawley, Bair (5), Jackson (6), Tekulve (8) and Daulton. W—Leach, 6-0. L—Rawley, 8-5. Sv—McDowell (9). HRs—Philadelphia, Hayes (7), James (5).

Chicago 000 000 000—0 4 2
Pittsburgh 000 151 00x—7 10 0
Moyer, Noles (6), R.Davis (8) and J.Davis; Reuschel and Ortiz. W—Reuschel, 6-4. L—Moyer, 8-5. HR—Pittsburgh, Bonds (12).

St. Louis 306 010 401—15 16 2
Montreal 000 111 200— 5 13 2
Forsch, Horton (7) and Pena; Smith, Fischer (3), Burke (6), McClure (7), Parrett (8), Law (8) and Reed. W—Forsch, 6-3. L—Smith, 5-3. Sv—Horton (7). HRs—St. Louis, Ford 2 (3).

Atlanta 100 001 200—4 9 1
San Diego 010 201 13x—8 8 1
O'Neal, Dedmon (6), Assenmacher (8), Acker (9) and Virgil; Hawkins, McCullers (6), Gossage (9) and Santiago. W—McCullers, 4-5. L—Dedmon, 2-2. HRs—Atlanta, Murphy (24), Nettles (3). San Diego, Martinez (9).

Cincinnati 000 110 010 0—3 6 1
Los Angeles 001 000 020 1—4 9 1
Robinson, Williams (7), Murphy (8), Franco (8) and Diaz; Leary, Pena (7), Young (9) and Scioscia, Trevino (9). W—Young, 3-5. L—Franco, 4-2.

Major League Standings

AMERICAN LEAGUE
East Division

	W	L	Pct.	GB
Toronto	45	27	.625	—
New York	46	28	.622	—
Detroit	38	32	.543	6
Milwaukee	36	34	.514	8
Boston	34	39	.466	11½
Baltimore	31	43	.419	15
Cleveland	25	47	.347	20

West Division

	W	L	Pct.	GB
Minnesota	42	32	.568	—
Oakland	39	33	.542	2
Kansas City	37	34	.521	3½
Seattle	38	35	.521	3½
California	36	38	.486	6
Texas	33	38	.465	7½
Chicago	25	45	.357	15

NATIONAL LEAGUE
East Division

	W	L	Pct.	GB
St. Louis	44	27	.620	—
Montreal	39	33	.542	5½
New York	39	33	.542	5½
Chicago	39	35	.527	6½
Pittsburgh	33	39	.458	11½
Philadelphia	31	39	.443	12½

West Division

	W	L	Pct.	GB
Cincinnati	41	33	.554	—
Houston	40	33	.548	½
San Francisco	36	37	.493	4½
Atlanta	34	39	.466	6½
Los Angeles	34	39	.466	6½
San Diego	26	49	.347	15½

Transition

BASEBALL
American League

BOSTON—Activated Bill Buckner, first baseman. Optioned Glenn Hoffman, shortstop, to Pawtucket of the International League.

CHICAGO—Optioned Tim Hulett, infielder, to Hawaii of the Pacific Coast League. Recalled Steve Lyons, infielder.

DETROIT—Traded Terry Harper, outfielder, to Pittsburgh for Pete Rice, first baseman, and Shawn Holman, pitcher.

National League

HOUSTON—Acquired Jeff Edwards, pitcher, from Los Angeles to complete the trade that sent Phil Garner to the Dodgers; assigned Edwards to Tucson of the Pacific Coast League.

PITTSBURGH—Optioned Butch Davis, outfielder, to Vancouver of the Pacific Coast League.

SAN DIEGO—Activated Marvell Wynne. Optioned Ray Hayward, pitcher, to Las Vegas of the Pacific Coast League.

SAN FRANCISCO—Placed Candy Maldonado, outfielder, on the 21-day disabled list. Recalled Mark Wasinger, infielder, from Phoenix of the Pacific Coast League.

BASKETBALL
National Basketball Association

CHARLOTTE—Named Carl Scheer vice president.

NEW JERSEY—Reached agreement with Tony Brown, guard, on a one-year contract.

FOOTBALL
National Football League

ATLANTA—Signed Doug Barnett, center; Jon Cox, tight end, and Greg Quick, defensive lineman. Released Beano Belk, tight end.

CLEVELAND—Waived Curtis Dickey, running back. Released Keith Baldwin, defensive end.

SAN FRANCISCO—Released John Ayers, guard.

TAMPA BAY—Signed Jeremiah Castille, cornerback; Frank Garcia, punter, and Tyrone Keys, defensive end.

Canadian Football League

LEAGUE—Acting for the defunct Montreal Alouettes, assigned Mark Hopkins, linebacker, to Toronto to complete an earlier trade.

Tennis

Wimbledon Results

MEN'S SINGLES
First Round

Derrick Rostagno, U.S., def. Brad Dyke, Australia, 6-2, 6-3, 6-4. Brad Gilbert (12), U.S., def. Chris Bailey, Britain, 6-2, 6-2, 6-4. Leif Shiras, U.S., def. Claudio Panatta, Italy, 6-3, 7-6 (7-3), 3-6, 7-6 (7-5).

Second Round

Andres Gomez (8), Ecuador, def. Ulf Stenlund, Sweden, 6-3, 6-2, 7-6 (7-5). Emilio Sanchez (14), Spain, def. Eric Jelen, West Germany, 5-7, 6-1, 2-6, 7-6 (7-3), 6-2.

Mats Wilander (3), Sweden, def. Jan Gunnarsson, Sweden, 6-2, 6-1, 6-2. Miloslav Mecir (5), Czechoslovakia, def. Mark Woodforde, Australia, 6-1, 6-3, 6-3. Alexander Volkov, Soviet Union, def. Bill Scanlon, U.S., 7-6 (7-2), 7-6 (7-4), 6-2. Johan Kriek, U.S., def. Kevin Curren (16), U.S., 6-4, 3-6, 6-3, 6-2.

Pat Cash (11), Australia, def. Paul McNamee, Australia, 7-5, 6-4, 6-2. Anders Jarryd, Sweden, def. Derrick Rostagno, U.S., 6-0, 6-3, 3-6, 6-3. Christo Van Rensburg, South Africa, def. Christian Bergstrom, Sweden, 6-3, 6-2, 6-2.

Michiel Schapers, Netherlands, def. Larry Scott, U.S., 7-6 (7-3), 6-3, 6-2. Tim Mayotte (10), U.S., def. Tim Wilkison, U.S., 6-3, 4-6, 6-7 (2-7), 6-2, 6-4. Jonas B. Svensson, Sweden, def. Eddie Edwards, South Africa, 4-6, 6-3, 3-6, 6-3, 8-6.

Third Round

Jakob Hlasek, Switzerland, def. Joakim Nystrom (13), Sweden, 5-7, 6-3, 6-0, 7-6 (7-5). Stefan Edberg (4), Sweden, def. Matt Anger, U.S., 7-6 (7-2), 6-2, 6-2. Andres Gomez (8), Ecuador, def. Ken Flach, U.S., 6-4, 6-3, 3-6, 7-5. Henri Leconte (9), France, def. Gilad Bloom, Israel, 6-3, 7-6 (7-5), 7-5. Alexander Volkov, Soviet Union, def. Brad Gilbert (12), U.S., 7-6 (7-4), 0-6, 6-3, 6-4. Ivan Lendl (2), Czechoslovakia, def. Richey Reneberg, U.S., 6-4, 6-7 (5-7), 6-3, 7-6 (7-0). Johan Kriek, U.S., def. Scott Davis, U.S., 5-7, 6-4, 6-7 (1-7), 6-1, 8-6.

WOMEN'S SINGLES
First Round

Beth Herr, U.S., def. Teresa Catlin, Britain, 6-1, 5-7, 6-3 (comp. of suspended match). Alycia Moulton, U.S., def. Betsy Nagelsen, U.S., 6-2, 7-5.

Second Round

Jana Novotna, Czechoslovakia, def. Hu Na, U.S., 6-2, 6-3. Gabriela Sabatini (6), Argentina, def. Csilla Cserepy, Switzerland, 6-1, 6-3. Sylvia Hanika (16), West Germany, def. Larissa Savchenko, Soviet Union, 6-3, 6-3. Dianne Balestrat, Australia, def. Manuela Maleeva (7), Bulgaria, 6-7 (9-11), 6-1, 8-6. Jo Durie, Britain, def. Marcella Mesker, Netherlands, 6-3, 6-3.

Helena Sukova (4), Czechoslovakia, def. Robin White, U.S., 6-2, 3-6, 6-3. Sharon Pete, U.S., def. Wendy Turnbull (12), Australia, 6-4, 6-4. Isabelle Demongeot, France, def. Laura Garrone, Italy, 3-6, 6-2, 8-6. Peanut Harper, U.S., def. Lisa Gould, Britain, 7-6 (7-4), 6-2.

Rosalyn Fairbank, South Africa, def. Patty Fendick, U.S., 6-2, 5-7, 6-2. Bettina Fulco, Argentina, def. Anne Hobbs, Britain, 6-4, 6-3. Mary Joe Fernandez, U.S., def. Barbara Potter (13), U.S., 6-0, 6-1. Beth Herr, U.S., def. Anne White, U.S., 6-1, 6-4. Alycia Moulton, U.S., def. Judith Wiesner, Austria, 6-4, 6-4. Gigi Fernandez, U.S., def. Svetlana Parkhomenko, Soviet Union, 6-2, 3-6, 6-4.

Claudia Kohde-Kilsch (8), West Germany, def. Louise Field, Australia, 7-6 (8-6), 6-0. Belinda Cordwell, New Zealand, def. Julie Salmon, Britain, 7-6 (7-4), 6-0. Elizabeth Smylie, Australia, def. Annabel Croft, Britain, 6-3, 6-1. Elise Burgin, U.S., def. Anne Smith, U.S., 6-4, 7-5.

Third Round

Helena Sukova (4), Czechoslovakia, def. Jo Durie, Britain, 6-1, 6-3. Raffaella Reggi (15), Italy, def. Catherine Tanvier, France, 6-3, 6-4. Natalia Zvereva, Soviet Union, def. Ann Henricksson, U.S., 6-3, 6-3. Sylvia Hanika (16), West Germany, def. Iwona Kuczynska, Poland, 6-3, 6-4.

Gabriela Sabatini (6), Argentina, def. Isabelle Demongeot, France, 6-3, 6-4. Steffi Graf (2), West Germany, def. Laura Gildemeister, Peru, 6-2, 6-1. Jana Novotna, Czechoslovakia, def. Sharon Pete, U.S., 6-2, 4-6, 6-4.

Marginal Riders in Late Push to Make Tour

By Samuel Abt
International Herald Tribune

BERLIN — Gilles Sanders is a fresh-faced, 22-year-old Frenchman in his first year as a professional bicycle racer. His dream, he says, is to ride in the Tour de France when it begins Wednesday in West Berlin, but so far he has not made the roster of his Spanish team.

Hennie Kuiper, 38, began riding in the Tour de France in 1975 and has done as well as second place, in 1977 and again in 1980. Preparing for what he thought would be his 12th and final tour, the Dutchman learned that his Belgian team did not plan to bring him to West Germany.

Both Sanders and Kuiper — and a dozen other marginal riders — had one last chance Sunday to gain a place in the 74th edition of the world's longest, richest and most prestigious bicycle road race.

Britain, Spain, France, Italy, Belgium, the Netherlands, West Germany and Switzerland all held their national road-race championships Sunday. For Sanders and Kuiper, this was the time to learn how they would be spending July.

"They told me to pack my suitcase," said Christophe Lavainne, a Frenchman with a French team. "But they said the same thing to 13 riders. The cutdown won't be made until the last minute."

□

Nearly a quarter of the 23 teams in this year's tour will examine results of the national championships before deciding their rosters. The problem is that the organizers of the tour have reduced teams to nine men instead of the customary 10.

The decision was made for safety's sake. Last year's record field of 210 riders on 21 teams proved to be dangerously packed on the sort of narrow streets the race will use in West Berlin on Wednesday and Thursday.

So 207 will be the limit for the record number of 23 teams — five each from France and Spain, three each from Belgium, the Netherlands and Italy, two from Colombia and one each from Britain and the United States.

Why are there so many teams? The answer is money.

The tour's organizers continue their campaign to attract fans and sponsors in new markets. The British team, for example, is the first in decades and the Americans of the 7-Eleven team are appearing for only the second year.

And why Berlin for the start of the Tour de France? Again, money.

To help celebrate the city's 750th birthday, West Berlin bid $1.5 million for the race, or nearly double what the French department of Loire-Atlantique will pay for next year's start.

This will be the eighth time since it began in 1903 that the Tour de France has set off away from home. In just the last decade the race has begun in Frankfurt, Basel and the Dutch city of Leidin.

None of these presented the logistical problems of West Berlin, which is 110 miles (177 kilometers) inside East Germany. Tour organizers hoped to ride out through that country, where bicycle racing is a major sport, but were refused permission for unspecified and presumably political reasons.

□

Instead the tour will fly and drive late Thursday to Karlsruhe for two more West German stages before regaining the namesake country at Strasbourg on Sunday.

In all, the tour will cover 2,550 miles before finishing in Paris on July 26. This year's race is regarded as somewhat tougher than last year's, which was the most difficult in at least a decade.

The major obstacle is the mountains, with 30 major climbs overall. After more than a week of counterclockwise progress through French flatlands, the race will enter the Pyrenees on July 13 and the Alps on July 21.

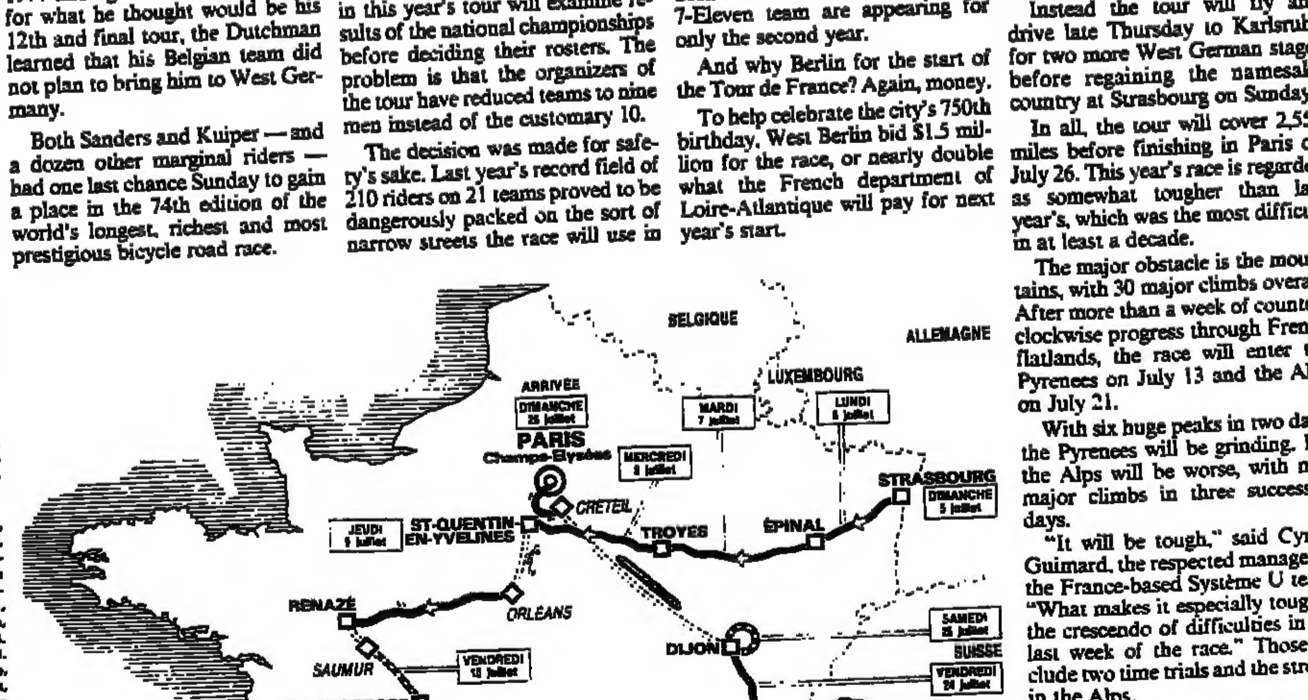
With six huge peaks in two days, the Pyrenees will be grinding. But the Alps will be worse, with nine major climbs in three successive days.

"It will be tough," said Cyrille Guimard, the respected manager of the France-based Système U team. "What makes it especially tough is the crescendo of difficulties in the last week of the race." Those include two time trials and the stretch in the Alps.

There is no favorite in the race because last year's winner, Greg LeMond of the United States, was shot in a hunting accident in April and is home in California recuperating. The second-place finisher in 1986, Bernard Hinault of France, who won the tour five times, has retired.

As usual, the prize money to be divided will dwarf that of any other bicycle race. Nearly $600,000 will be shared, with about $100,000 in cash, jewelry, automobiles and real estate going to the winner.

Motivation will be no problem for the 207 entrants, which is why so many riders were making that last effort in the national championships Sunday to win a ticket to West Berlin.



After four preliminary stages in West Germany, the 1987 Tour de France will get down to business at home Sunday in Strasbourg; the 2,550-mile cycling test will end in Paris on July 26.

Alain Tanner: Goodbye to Ideology

'Now, it's the physical reality of people and objects that interests me. In this film there are no guiding ideas, only three bodies that move and meet each other.'

By Mark Hunter and Lise Bloch-Morhange

PARIS — Like Gustave Flaubert, who replied to those who asked what had inspired him to create his most famous character, "Madame Bovary is me," Swiss director Alain Tanner could say that the leading female character in his latest movie is himself.

At the opening of "Une Flamme Dans Mon Coeur" (A Flame in My Heart), his tenth feature since "Charles Mort ou Vif" in 1969, a young woman named Mercedes (Myriam Mézières) is ending an affair with Johnny (Aziz Kabouche), a hustler who won't take no for an answer. In flight from his furious passion, and unable to resist the desire he knows how to manipulate in her, she follows a man (Benoit Regent) through the deserted corridors of a subway late at night, and engages him in an affair as frighteningly, totally consuming as the one she has just escaped. When the film closes, the camera rests on Mézières's face as she settles at dawn onto a porch in the impoverished suburbs of Cairo, where she has followed and abandoned her new lover. Paradoxically, nothing has been settled, yet the spectator leaves with a deep sense of fulfillment.

This feeling derives from an esthetic triumph, a perfection of style. Something new has entered Tanner's work.

While he was making the film, Tanner commented, during an interview in a Latin Quarter hotel whose balcony figures in the story as a perch where Mercedes watches the crowd to which she no longer belongs, that "in my previous films, the characters incarnated an idea, and the idea pulled the strings." For example, in "Jonah Who Will Be 25 in the Year 2000" (1975), eight men and women (among them Mézières) acted out the various strands of ideology that went into the evaporating counter-culture of the 1960s.

"Now it's the matter" — the physical reality of people and objects — "that interests me," Tanner said. "In this film, there are no guiding ideas, only three bodies that move and meet each other." As Mercedes tells a former lover whom she encounters in a café, "For me, everything passes by the body." The line, like the rest of the film's dialogues, was written by Tanner.

Like the characters in Tanner's previous films, the heroine of "Une Flamme Dans Mon Coeur" stands among what the director called "marginals of the interior, positive heroes who function at the periphery, like me as a filmmaker." But Tanner had always kept a certain distance from his characters, who were, he said, "purely morcels of my dreams who entered into a story." That was as much the case in "Charles Mort ou Vif" as it was for "La Salamandre" (1971) and "Dans la Ville Blanche" (1983), metaphors of Tanner's desires, fantasies, and revolts.

"In the '70s," Tanner said, "I took as a starting point the Brechtian idea of alienation" — that is, a deliberate setting-back of the spectator from the work, to allow the viewer to take a critical perspective not only on the action, but on his reactions to it. "Today, alienation doesn't interest me as much," he said, "and I realize that this corresponds to a psychological need, an internal rhythm."

Lise Bloch-Morhange

Alain Tanner

In part, that need reflects the distance he has traveled since the 1960s, when in the course of learning his trade as the maker of numerous documentaries for television, Tanner was "completely caught up in ideology," he said. "Perhaps the only gain of the retreat of ideology is that we have learned again to observe the matter of things."

Not by coincidence, the alienation of Tanner's earlier work has completely vanished from "Une Flamme Dans Mon Coeur." The more that the cries, expressions, and body of Mercedes invade the screen (in numerous close-ups, including sex scenes of stunning frankness), the more one senses the overwhelming presence of the filmmaker.

The revelation of her character proceeds through a succession of so-called "long takes," of striking density and intensity (photographed in rich black and white by Acacio de Almeida). As in Tanner's previous films, there are about 200 of them — one-tenth the number that one sees in a typical feature film.

"I am a filmmaker of the shot" — the single image, extended according to its own momentary logic — "more than I am a filmmaker of the story, where the shot is only one link of the narrative," said Tanner. "I like my shots to be entities in themselves, with their own beginnings and endings, and without an evident connection to what precedes or follows."

Never, however, has Tanner pushed this logic so far: It is as though one were watching 200 separate films. This is what gives the film its aura of plenitude, despite its heroine's inability to resolve her situation.

And this technique, Tanner acknowledged, contrasts sharply with the current trend in cinema, which counts on "seducing the public" through a constant acceleration in the succession of images. "More and more," he said, "it's difficult to impose other durations of image on the public" — a sign, he suggested, of the influence of television's rapid-fire rhythm on film viewers. "Why should it be?" he continued. "A blues can be moving, whether it's played slow or fast."

Films such as this, shot on a limited budget (of 5 million francs, about $830,000), are lately caught in an economic squeeze, as Tanner is well aware. "The days when you could put out a little film in the Latin Quarter are over," he said. "Before, a film's career lasted three years; now, its fate is decided in three weeks, by a media promotion that passes by the television." He is not apart from what he called this "forced marriage" of movies and television; like most of his films, "Une Flamme Dans Mon Coeur" was co-produced with Swiss and French television networks. Nonetheless, he said, "In order to make films of expression these days, you have to have strong products, really unique."

And that is precisely the achievement of the current film. Because he has confined himself within the shadings and contrasts of black and white, to three characters and a simple story of passion and the flesh, Tanner arrives with "Une Flamme Dans Mon Coeur" at the peak of his oeuvre. The film is nothing less than the filmmaker, wholly present in his art.

Mark Hunter and Lise Bloch-Morhange are journalists who write frequently on European film.

LANGUAGE

Effective, but Unenforceable

By William Safire

WASHINGTON — The leaders of the free world huddled in Venice and came up with a statement about freedom of navigation in the Persian Gulf that urged "the adoption of just and effective measures by the UN Security Council."

But some persnickety reporters wondered why the statement sounded so wishy-washy. Why hadn't a more specific word like *enforceable* been used?

"A discussion came up," President Reagan responded, "between a choice of the words *enforceable* and *effective*. And it was decided — a case in semantics here — it was decided that *effective* meant the other, and we didn't need the other word, so it was agreed that we would use *effective* measures."

One meaning of *effective* is "capable of producing the desired effect" — hence, one use of the adjective is to describe something that works. But can the word be used to mean what Reagan called "the other" — *enforceable* — so much so that the use of the two would be redundant, a case for the Squad Squad?

No. *Effective* is a broad, stretchable word that can be a modifier to people as well as things and events. *Enforceable*, however, cannot be applied to people; you may think Reagan is an *effective* president, but nobody can call him an *enforceable* one. The latter word, eschewed by the summiteers, applies to agreements and has a legal use: an *enforceable claim* offers a cause of action, and the essence of legality is that a contract is "enforceable in a court of law." At the center of the word is *force*, compulsion rooted in the Latin *fortis*, "strong." Reagan is familiar with the more powerful word; in his address to the nation on his return from the summit, he used it in the context of "America's commitment to a consistent, enforceable plan to reduce our deficits."

Effective — "having effect" — just does not have the strength of *enforceable*. Its width of meanings has led to a variety of offshoots: *efficacious* (applied to treatments), *efficient* (applied to the competency or ability of an agent to have an effect) and *effectual* (applied to the action and not the agent). An effective hair-splitter would say, "For an *effectual* result, get an *efficient* doctor who prescribes *efficacious* medicines."

Thus, an *effective measure* — one that will have some beneficial effect, perhaps even do the job — is a far cry from an *enforceable measure*, which would require whatever action is necessary to carry out the agreement. The first is fuzzily rhetorical; the latter involves a legal commitment. For the president and his fellow-summiteers to suggest that *enforceable* was cut out because *effective* means the same is disingenuous. (In degree of puissance, *effective* is to *enforceable* as *disingenuous* is to *lying*.)

In the same press conference that featured this obfuscation through doubtful synonymy, however, Reagan gave to the English-speaking world the imprimatur that legitimized a previously taboo phrase.

"I told you all the truth that first day," he insisted, referring to the revelations of the diversion of arms profits to the contras, "after the — everything hit the fan."

This is one of the great examples of "punchline English," along with "So who's counting?" "Ready when you are, C.B.!" "Who's minding the store?" and "Don't make waves." (Some will insist "It's your turn in the barrel" fits this category, but that line, of naval origin, is not widely enough understood.)

Until now, the presence of a scatological noun just before the familiar *hit the fan* has restricted its written use; the president's skillful substitution of the simple "everything" for the offensive word changes its approval rating from R to PG.

As the text of the press conference released by the White House indicates, the president did some efficacious euphemizing in mid-sentence and thereby effectuated a change in the acceptance level of the phrase, making previous taboos unenforceable.

WHENEVER a newsworthy event is held in a colorful place, the hounds of metaphor begin baying in the minds of headline writers.

When Venice became the focal point of color stories by a press corps drawn up in what Winston Churchill called "vast cumbrous array," we braced ourselves for quotations from Shakespeare's "The Merchant of Venice" and were not disappointed by this obvious stuff. Literary allusion watchers, however, waited for resuscitation of the phrase "Death in Venice," which was the English translation of the title of a 1912 novella by Thomas Mann.

However, with the omnipresent threat of terrorists, the word *death* was too strong for feature use in a light vein. "Dearth in Venice" was, I thought, labored. The problem was solved by Joseph Laitin, ombudsman of The Washington Post, in a piece about the need to assign so many reporters to the economic confabulation. His title, which wins this year's "O Sole Mio" award for zippy headline writing: "Debt in Venice."

Laitin undoubtedly took this construction from the borrowed headline for a 1936 critical review by Frank S. Nugent of The New York Times. Directed at the fiery playwright Clifford Odets, the headline criticized his film "The General Died at Dawn" for lacking the familiar spark: "Odets, Where Is Thy Sting?"

IN DESCRIBING a World War II cartoon by Bill Mauldin, I referred to one of the GIs as a *doughface*.

"You seem to have mixed both your metaphors and your wars," writes Brigadier General Richard J. Toner, commandant of the Air Force Institute of Technology in Ohio. "The *grunt* of Vietnam was the *dogface* of Korea and World War II, whose father was, in turn, the *doughboy* of World War I."

"A *doughface*," writes Charles S. Treat of Chicago, "was a Northern politician who sympathized with Southern views on slavery. Many *doughfaces* no doubt became known as *copperheads* during the Civil War."

Doughface was defined in 1860 by John Russell Bartlett in his Dictionary of Americanisms as "a contemptuous nickname, applied to the Northern favorers and abettors of Negro slavery." However, the coinage, perhaps derived from the English derogation of a pliant politician with a "nose of wax," was credited to John Randolph of Roanoke, Virginia, in a speech in 1820 castigating abolitionists.

The old word for a politician with an easily changeable image might be useful today, stripped of its racial connotations; but it should not be confused with the proud moniker of enlisted men, *dogfaces*.

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